



Anhui Expressway Company Limited

(A joint stock limited company incorporated in the People's Republic of China)

Stock Code: 0995

2020

ANNUAL REPORT



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Important Notice

- 1. The Board of the Directors, the Supervisory Committee and the Directors, Supervisors and the Senior Management of the Company hereby warrant that the contents of the annual report are true, accurate and complete, and that there are no false accounts, misleading statements or significant omissions of information and jointly and severally accept the legal responsibility.**
- 2. All the Directors of the Company attend the Board meeting.**
- 3. PricewaterhouseCoopers Zhong Tian LLP (PRC Auditor) and PricewaterhouseCoopers (Hong Kong Auditor) have issued standard unqualified audit opinions on the consolidated financial statements of the Company.**
- 4. Mr. Xiang Xiaolong, the Chairman, Mr. Tang Jun, responsible person for the accountant work and Mr. Huang Yu, manager of the Financial Department of the Company hereby confirm that the financial statements contained in this annual report are true, accurate and complete.**
- 5. The profit appropriation plan or transfers of share capital from capital reserves plan for the period under review approved by the Board of Directors:**

The Company's net profit as shown on the 2020 financial statements prepared in accordance with the PRC accounting standards was RMB1,070,165 thousand. The Company's profit as shown on the 2020 financial statements prepared in accordance with the Hong Kong accounting standards was RMB1,069,083 thousand. As the statutory reserve fund has reached over 50% of the total capital, no appropriation is required this year. Consequently, the profit from year 2020 available for distribution to shareholders was RMB1,070,165 thousand and RMB1,069,083 thousand in accordance with the PRC accounting standards and the Hong Kong accounting standards respectively. Pursuant to the relevant PRC accounting standards and the Hong Kong accounting standards respectively. There fore, the profit available for distribution to shareholders for the year 2020 was RMB1,069,083 thousand. The Company recommended the payment of a final dividend of RMB381,480.30 thousand on the basis of RMB2.30 for every 10 shares (tax included) based on the total issued share capital of 1,658,610,000 shares at the end of 2020. In 2020, no transfers of share capital from capital reserves were made.

6. The forward-looking risk statement

The major risks have been concretely described in the report, please refer to the part of "Discussion and Analysis on Future Development of the Company" in Section IV "Report of the Board of Directors". The related future plan, development strategy and other forward-looking descriptions do not constitute commitments to the investors. The investors should invest rationally and pay attention to the investment risk.

Important Notice

7. Was there extraordinary use of funds by the controlling shareholder and its related parties?

No

8. Was there provision of guarantees in violation of specified decision-making procedure?

No

9. Whether more than half of the directors are unable to guarantee the authenticity, accuracy and completeness of the annual report disclosed by the company?

No

10. Major Risk Notice

The major risks have been concretely described in the report, please refer to the part of “Discussion and Analysis on Future Development of the Company” in Section IV “Report of the Board of Directors” for the possible risk factors and the corresponding tackling measures as set out in the discussion and analysis in respect of the future development of the Company.

11. Other

Unless otherwise specified, the amount in this report is denominated in RMB.

In this report, if the sum of the sub-item value is inconsistent with the total number, it is due to rounding.

Section I Definitions

1. DEFINITIONS

In this report, unless the context otherwise requires, the following terms shall have the meanings set out below.

“Articles of Association”	the articles of association of the Company as amended from time to time
“the Company”, “Company”	Anhui Expressway Company Limited
“the Group”	Collectively the Company, its subsidiaries and associated companies
“ATHC” or “Anhui Transportation Holding Group”	Anhui Transportation Holding Group Company Limited (formerly known as Anhui Expressway Holding Group Company Limited and Anhui Expressway Holding Corporation)
“Board”	the board of Directors
“China Merchants Highway”	China Merchants Highway Network Technology Holding Company Limited (formerly known as China Merchants Hua Jian Highway Investment Company Limited)
“Director(s)”	director(s) of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
“reporting period”	the year ended 31 December 2020
“SSE”	Shanghai Stock Exchange
“SEHK” or “Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“SFO”	Securities and Futures Ordinance (Chapter 571, the Laws of Hong Kong)
“Supervisor(s)”	supervisor(s) of the Company
“Supervisory Committee”	the supervisory committee of the Company

Section I Definitions

“Xuanguang Company”	Xuanguang Expressway Company Limited
“Expressway Media”	Anhui Expressway Media Company Limited
“Xin’an Financial”	Anhui Xin’an Financial Group Company Limited
“Xin’an Capital”	Anhui Xin’an Capital Operation Management Company Limited
“Xuancheng Transportation”	Xuancheng Transportation Investment Company Limited(formerly known as Xuancheng Highway Construction Management Company Limited)
“Ningxuanhang Company”	Anhui Ningxuanhang Expressway Investment Company Limited
“Guangci Company”	Xuancheng City Guangci Expressway Limited Liability Company
“Wantong Pawn”	Hefei Wantong Pawn Co., Limited
“Wantong Micro Credit”	Hefei Wantong MicroCredit Company Limited
“Huatai Group”	Hefei Huatai Group Corporation Limited
“HK Subsidiary”	Anhui Expressway (H.K.) Limited
“China Merchants Fund”	Anhui Transportation China Merchants Industrial Fund (Limited Partnership)
“China Merchants Fund Management Company”	Anhui Transportation China Merchants Investment Private Fund Management Company Limited
“Jinshi Merger and Acquisition Fund”	Anhui Transportation Jinshi Merger and Acquisition Fund (Limited Partnership)
“Jinshi Fund Management Company”	Anhui Transportation Jinshi Private Fund Management Co., Ltd.
“Information Industry Company”	Anhui Transportation Information Industry Company Limited
“CMU”	China Merchants Joint Development Company Limited
“Zhejiang Expressway”	Zhejiang Expressway Company Limited
“Jiangsu Expressway”	Jiangsu Expressway Company Limited

Section I Definitions

“Sichuan Expressway”	Sichuan Expressway Company Limited
“Expressway Construction”	Anhui Expressway Construction Company Limited
“Expressway Petrochemical”	Anhui Expressway Petrochemical Company Limited
“Huanyu Company”	Anhui Huanyu Highway Construction Development Company Limited
“Xunjie Logistics”	Anhui Xunjie logistics Company Limited
“Qixing Project”	Anhui Qixing Project Testing Company Limited
“Zhongxing Construction”	Anhui Province Zhongxing Construction Supervision Company Limited
“Anlian Company”	Anhui Anlian Expressway Company Limited
“Wangqian Company”	Anhui Wangqian Expressway Company Limited
“Wuyan Company”	Anhui Provincial Wuyan Expressway Limited
“Liguang Company”	Anhui Liguang Expressway Company Limited
“Yangji Company”	Anhui Yangji Expressway Company Limited
“Anqing Company”	Anhui Anqing Yangtzi Highway Bridge Company Limited
“Yida Company”	Anhui Province Yida Expressway Service Area Operating Management Company Limited
“Anhui Expressway Network Operations”	Anhui Expressway Network Operations Company Limited
“Anhui Transport Consulting and Design Institute”	Anhui Transport Consulting and Design Institute Company Limited

Section II Corporate Profile and Main Financial Indicators

1. COMPANY INFORMATION

Official Chinese name of the Company	安徽皖通高速公路股份有限公司
Abbreviation (in Chinese)	皖通高速
English name of the Company	Anhui Expressway Company Limited
Abbreviation (in English)	Anhui Expressway
Legal representative of the Company	Xiang Xiaolong

2. CONTACT PERSON AND CONTACT DETAILS

	Secretary to the Board of the Company	Representative of Securities Affairs
Name	Dong Huihui	Ding Yu
Contact address	520 Wangjiang West Road, Hefei, Anhui, the PRC	520 Wangjiang West Road, Hefei, Anhui, the PRC
Telephone	0551-65338697	0551-63738923、63738922、63738989
Fax	0551-65338696	0551-65338696
Email Address	wtgs@anhui-expressway.net	wtgs@anhui-expressway.net

3. INTRODUCTION OF BASIC INFORMATION

Registered address of the Company	520 Wangjiang West Road, Hefei, Anhui, the PRC
Postal code of registered address	230088
Office address of the Company	520 Wangjiang West Road, Hefei, Anhui, the PRC
Postal code of office address	230088
Website of the Company	http://www.anhui-expressway.net
E-mail address of the Company	wtgs@anhui-expressway.net

4. INFORMATION DISCLOSURE AND ADDRESSES FOR KEEPING REPORT

Newspapers designated for publishing report	China Securities Journal, Shanghai Securities News
Websites designated for disclosure of annual report assigned by CSRC	http://www.sse.com.cn http://www.hkex.com.hk http://www.anhui-expressway.net
Addresses designated for keeping annual report	Shanghai Stock Exchange, 528 Pudong South Road, Shanghai Hong Kong Registrars Limited, 46th Floor, Hopewell Center, 183 Queen's Road East, Hong Kong Company's head office at 520 Wangjiang West Road, Hefei, Anhui, the PRC

Section II Corporate Profile and Main Financial Indicators

5. COMPANY STOCK INFORMATION

Category	Stock Exchange	Stock		Stock Code	Stock Abbreviations before alteration
		Stock Abbreviations	Stock Code		
A Shares	Shanghai Stock Exchange	皖通高速	600012		–
H Shares	The Stock Exchange of Hong Kong Limited	Anhui Expressway	0995		–

6. OTHER RELATED INFORMATION

PRC Auditor (domestic)	Name	PricewaterhouseCoopers Zhong Tian LLP
	Office Address	11th Floor, PricewaterhouseCoopers Center, 202 Hubin Road, Shanghai
	Signing Accountant	Huang Zhejun, Xu Qinqin
Hong Kong Auditor (overseas)	Name	PricewaterhouseCoopers
	Office Address	22nd Floor, Prince's Building, Central, Hong Kong
	Signing Accountant	PricewaterhouseCoopers Certified Public Accountants and Registered Public Interest Entity Auditor
PRC Legal Adviser	Name	Anhui Antaida Lawyer's Office
	Office Address	7th Floor, Chengjian Mansion, Yingshang Road, Hefei, Anhui, the PRC
Hong Kong Legal Adviser	Name	Gallant
	Office Address	5th Floor, Jardine House, 1 Connaught Place, Central, Hong Kong
Domestic share registrar	Name	China Securities Central Clearing and Registration Corporation, Shanghai Branch
	Office Address	36th Floor, China Insurance Mansion, 166, Lujiazui East Road, Shanghai
Overseas share registrar	Name	Hong Kong Registrars Limited
	Office Address	Shops 1712-1716, 17th Floor, Hopewell Center, 183 Queen's Road East, Wanchai, Hong Kong

Section II Corporate Profile and Main Financial Indicators

7. MAIN ACCOUNTING DATA AND FINANCIAL INDICATORS IN RECENT YEARS

Main accounting data and main financial indicators prepared in accordance with accounting principles generally accepted in the PRC (“the PRC Accounting Standards”) over the past three years

(1) Main Accounting Data

Unit: yuan Currency: RMB

Main Accounting Data	2020	2019	Change of the current period over the same period of last year (%)	2018
	Revenue	2,632,532,207.42	2,946,420,820.29	-10.65
Net profit attributable to shareholders of the Company	918,480,418.11	1,097,546,191.64	-16.32	1,123,042,225.39
Net profit after extraordinary items attributable to shareholders of the Company	838,242,166.90	1,084,806,943.04	-22.73	1,120,711,864.99
Net cash flows from operating activities	1,703,936,939.19	1,822,702,104.07	-6.52	1,807,617,059.70

	As at the end of 2020	As at the end of 2019	Change of the current period over the same period of last year (%)	As at the end of 2018
Net assets attributable to shareholders of the Company	11,276,709,422.09	10,737,909,003.94	5.02	10,069,996,981.61
Total assets	16,240,743,095.33	15,920,011,667.90	2.01	14,780,287,813.81

Section II Corporate Profile and Main Financial Indicators

(2) Main Financial Indicators

Financial indicators	2020	2019	Change of the current period over the same period of last year (%)	2018
Basic earnings per share (RMB/share)	0.5538	0.6617	-16.31	0.6771
Diluted earnings per share (RMB/share)	0.5538	0.6617	-16.31	0.6771
Basic earnings per share after extraordinary items (RMB/share)	0.5054	0.6540	-22.72	0.6757
Returns on net assets (weighted average) (%)	8.37	10.58	A decrease of 2.21 percentage point	11.56
Returns on net assets after extraordinary items (weighted average) (%)	7.64	10.45	A decrease of 2.81 percentage point	11.53

Summary of results and assets prepared in accordance with accounting principles generally accepted in Hong Kong (“the Hong Kong Accounting Standards” or “HKFRS”) over the past five years

Summary of Results

For the year ended 31 December

Unit: '000 Currency: RMB

	2020	2019	2018	2017	2016
Revenue	2,714,269	4,640,431	3,875,803	4,308,759	3,063,632
Profit before income tax	1,245,972	1,550,142	1,537,528	1,529,639	1,234,922
Profit attributable to owners of the Company	916,104	1,089,855	1,115,361	1,083,235	925,075
Basic earnings per share (yuan)	0.5523	0.6571	0.6725	0.6531	0.5577

Section II Corporate Profile and Main Financial Indicators

Summary of assets

As at 31 December

Unit: '000 Currency: RMB

	2020	2019	2018	2017	2016
Total assets	16,286,343	15,970,259	14,829,956	14,234,303	13,215,279
Total liabilities	4,334,693	4,360,855	4,200,849	4,147,710	3,730,037
Total net assets (deducting minority shareholders' interests)	11,314,457	10,778,299	10,118,674	9,436,203	8,744,499
Net assets per share (deducting minority shareholders' interests) (yuan)	6.8217	6.4984	6.1007	5.6892	5.2722

8. MAJOR DIFFERENCE BETWEEN FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH DOMESTIC AND OVERSEAS ACCOUNTING STANDARDS

(1) Difference of net profit and net assets attributable to shareholders of the Company between international accounting standards and the PRC Accounting Standards

Applicable Not applicable

(2) Difference of net profit and net assets attributable to shareholders of the Company between the Hong Kong Accounting Standards and the PRC Accounting Standards

Unit: '000 yuan currency: RMB

	Net profit attributable to shareholders of the Company		Net assets attributable to shareholders of the Company	
	Amount of current period	Amount of previous period	Amount at the end of period	Amount at the beginning of the period
PRC Accounting Standards	918,480	1,097,546	11,276,709	10,737,909
Items and amount adjusted according to Hong Kong Accounting Standards :				
Valuation, depreciation/amortization and related deferred taxes	-2,376	-7,691	37,748	40,390
Hong Kong Accounting Standards	916,104	1,089,855	11,314,457	10,778,299

Section II Corporate Profile and Main Financial Indicators

(3) Explanation on the major difference between financial statements prepared in accordance with PRC Accounting Standards and Hong Kong Accounting Standards

In order to issue and list H shares in Hong Kong, the toll roads, fixed assets and related land use rights were valued by a PRC certified public valuer and an international certified public valuer on 30 April and 15 August 1996 respectively and the results were included in the relevant prescribed statements and the financial statements prepared in accordance with HKFRS. As per the said valuation, the fair value valued by the international certified public valuer is higher than the PRC certified public valuer's result by RMB319,000,000. Such differences have impacts on the business performance (i.e. the depreciation and amortization figures of the highway franchise, fixed assets, and land use rights) and the related deferred tax effect of the Group and the Company, which have resulted in the above adjustments.

9. MAIN FINANCIAL STATISTICS OF 2020 ON A QUARTERLY BASIS (IN ACCORDANCE WITH PRC ACCOUNTING STANDARDS)

Unit: yuan Currency: RMB

	the first quarter (Jan.-Mar.)	the second quarter (Apr.-Jun.)	the third quarter (Jul.-Sep.)	the fourth quarter (Oct.-Dec.)
Revenue	272,395,967.64	546,472,152.25	925,818,193.67	887,845,893.86
Net profit attributable to shareholders of the Company	-26,142,369.46	135,812,710.50	371,718,739.60	437,091,337.47
Net profit after extraordinary items attributable to shareholders of the Company	-34,112,255.85	127,968,931.33	364,718,489.32	379,667,002.10
Net cash flows from operating activities	152,060,872.22	315,802,140.22	644,823,682.54	591,250,244.21

Explanation on the difference between quarterly information and information disclosed in regular reports

Applicable Not applicable

Section II Corporate Profile and Main Financial Indicators

10. EXTRAORDINARY ITEMS OF PROFIT/LOSS DEDUCTED AND AMOUNTS INVOLVED(IN ACCORDANCE WITH PRC ACCOUNTING STANDARDS):

Unit: yuan Currency: RMB

Extraordinary items	Amount of 2020	Note (if applicable)	Amount of 2019	Amount of 2018
Gains and losses from disposals of non-current assets	-3,138,025.88		-210,413.99	-31,483.55
Government subsidies charged to the current gains/losses,(excluding those closely related to the Company's normal operations, subsidized continuously in accordance with the applicable standards and in compliance with the government policies or regulations)	6,013,651.92	Being the income amount of construction funds subsidies of Ninghuai Expressway (Tianchang Section) provided by Jiangsu Provincial Expressway Construction Head quarter (attached to the Transportation Department of Jiangsu Province) in 2007, and the income amount of construction funds subsidies of Hening Expressway and Gaojie Expressway provided by Anhui Provincial Expressway Construction Headquarter (attached to the Transportation Department of Anhui Province) received in 2010 amortised in the reporting period, and governmental subsidies related to the cancellation of provincial boundary toll stations and financial subsidies of water supply, electricity supply, heating and property management	2,633,445.68	2,477,442.35
In addition to effective hedging business related to the normal business of the Company , investment returns from trading financial assets,derivative financial assets,profit or loss from changes in the fair value of the trading financial liabilities, derivative financial liabilities,and the disposal of trading financial assets, derivative financial assets,trading financial liabilities,derivative financial liabilities and other debt investments	105,427,349.75	The income is mainly generated from the floating rate structured deposits purchased by the company from the bank	11,891,005.50	0.00
Other non-operating income and expenses	-2,171,059.67		4,344,035.91	550,161.24
Effects of minority shareholders' interests	639,314.12		-1,254,306.21	83,270.37
Effect of income tax	-26,532,979.03		-4,664,518.29	-749,030.01
Total	80,238,251.21		12,739,248.60	2,330,360.40

Section II Corporate Profile and Main Financial Indicators

11. ITEMS IN FAIR-VALUE MEASUREMENT

Unit: yuan Currency: RMB

Items	Amount at the beginning of the period	Amount at the end of the period	Change	Amount affecting profit
Financial assets at fair value through other comprehensive income	315,530,888.10	118,326,018.74	-197,204,869.36	0.00
Trading financial assets – structured deposits	422,316,986.30	1,104,490,547.95	682,173,561.65	45,351,310.09
Other non-current financial assets	0.00	259,326,039.66	259,326,039.66	60,076,039.66
Total	737,847,874.40	1,482,142,606.35	744,294,731.95	105,427,349.75

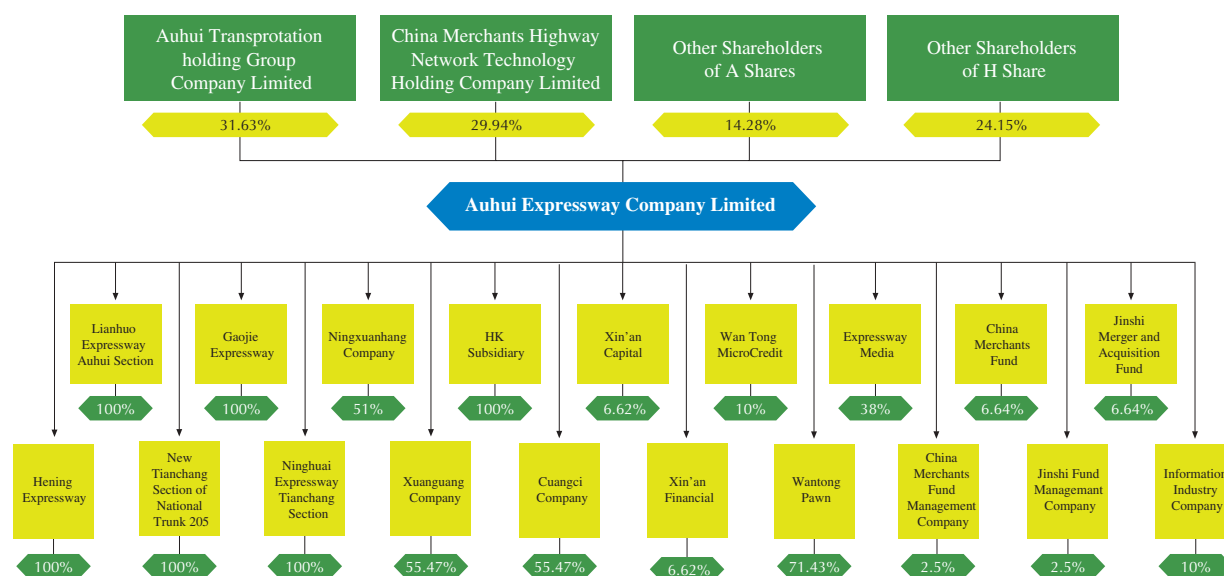
12. CORPORATE PROFILE

Anhui Expressway Company Limited (the “Company”) was incorporated on 15 August 1996 as a joint stock limited company in Anhui Province, the People’s Republic of China (the “PRC”). The registered capital is RMB1,658,610,000.

The Group is principally engaged in the operation and management of toll expressways and relevant business.

The Company is the first PRC highway company listed in Hong Kong. It is also the only listed highway company in Anhui Province. On 13 November 1996, H Shares issued by the Company were listed on The Stock Exchange of Hong Kong Limited (Stock code: 0995). On 7 January 2003, A Shares issued by the Company were listed on Shanghai Stock Exchange (Stock code: 600012).

As of 31 December 2020, the structure of the Company, its subsidiaries and associated companies (the “Group”) is as follows :



Section III Corporate Business Summary

I. EXPLANATION ON THE PRINCIPAL BUSINESS ENGAGED BY THE GROUP, BUSINESS MODEL AND INDUSTRY INFORMATION DURING THE REPORTING PERIOD

1. Principal business engaged by the Group during the reporting period

The Company was incorporated in Anhui province, the People's Republic of China on 15 August 1996. It is the first highway company listed in Hong Kong and the only listed highway company in Anhui province. On 13 November 1996, 493.01 million H shares issued by the Company were listed on the Stock Exchange of Hong Kong Limited. On 7 January 2003, 250 million A-shares issued by the Company were listed on the Shanghai Stock Exchange. As of 31 December 2020, the total share capital of the Company is 1,658,610,000 shares with a par value of RMB1 per share.

The principal business of the Company include investment, construction, operation and management of toll roads within Anhui province. The Company acquires operating expressway assets through various means such as investment and construction, acquisition or co-operative operation. The Company provides toll service for vehicles, collects vehicles toll free according to the charging standard and maintains, repairs and carries out safety maintenance for the operating expressways. Toll roads are large-scale transportation infrastructures with long payback cycle, the characteristics is capital intensive, the investment return period is long and the income is relatively stable.

The Company owns all or part of the toll road equity in Hening Expressway (G40 Hushan Expressway Hening Section), New Tianchang Section of National Trunk 205, Gaojie Expressway (G50 Huyu Expressway Gaojie Section), Xuanguang Expressway (G50 Huyu Expressway Xuanguang Section), Guangci Expressway (G50 Huyu Expressway Guangci Section), Ninghuai Expressway Tianchang Section, Lianhuo Highway Anhui Section (G30 Lianhuo Expressway Anhui Section) and Ningxuanhang Expressway, etc., all of which are located in Anhui Province. As of 31 December 2020, the Company has 557 kilometers of operating highway with total assets of about RMB16,240,743 thousand. Moreover, as expressways showed the features of network operations, the Group also provided entrusted management services (including the management of toll service, maintenance and repair, information and technology, safety of road assets, etc.) for some road sections to Anhui Transportation Holding Group and its subsidiaries (Anlian Company, Wangqian Company, Anqing Company, Wuyan Company, Liguang Company and Yangji Company). Currently, the total mileage of toll roads under the entrusted management amounted to 3825 km.

In addition, the Group is also actively exploring and experimenting with advertising businesses along the expressway, financial business and fund investment businesses to further expand profit ability and achieve sustainable development of the Group.

Section III Corporate Business Summary

2. Operating model

The construction and operation of expressways in the PRC are broadly categorized into two models, i.e. operating toll road and expressway built with loans to be repaid by the government. The Company adopts the operating toll road model.

3. Explanation on industry

From the perspective of historical development stage, with the maturity and perfection of the road network, the highway in the PRC has entered the stable development period. During the 13th Five-Year Plan period, and the expressway mileage was increased from 124,000 km in 2015 to 150,000 km by 2020.

Currently, the expressway industry has progressed beyond the stage of extensive construction and has gradually moved to a stage of quality enhancing and network improving. The expressway construction will focus on intensification of parallel sections, connection of regional expressways, popularization of smart and intelligence traffic and industrialization of traffic information in the future. From a policy perspective, the Regulation on the Administration of Toll Roads has not been formally introduced, the industry policy still remains uncertain. In terms of distribution, the difference in regional economies and the structure of passengers and cargo sources result in the difference in vehicle flowrate and toll revenues among different listed highway companies. In terms of degree of development, the principal businesses of listed expressway companies are generally in the mature stage with stable performance growth. In terms of the road network structure, road networks of the Eastern provinces are more modernized, while there are still spaces for increasing routes and construction investment in the Central and Western provinces. In terms of the progress of diversification, all listed expressway companies are facing the issue of shortening of the toll period year by year, while there is significant difference in the reform progress and direction for transition of diversification of the state-owned enterprises in different provinces.

The COVID-19 outbreak (hereinafter referred to as the COVID-19 outbreak) began in early 2020. On 15 February 2020, following the addition of a nine-day free period during the Spring Festival, according to the Ministry of Transport's Notice on Toll Exemption of Toll Road Vehicles during the COVID-19 Epidemics Prevention and Control Period (Jiao Gong Lu Ming Fa No. [2020] 62), from midnight on February 17 to the end of the epidemic prevention and control work, tolls will be exempted on toll roads across the country. The collection of toll resumed from 0:00 on 6 May 2020. During this toll-free period, the expressway industry strengthened the protection of smooth, all-out fight against the epidemic, providing a strong guarantee for the resumption of work and production and social and economic development.

Section III Corporate Business Summary

The major listed companies in the same industry and their financial indicators are shown in the following table:

Unit: '0,000 Currency: RMB

Stock code	Paper titles	Total assets	Net assets	Asset-liability ratio (%)	Revenue	Year-on-year growth of revenue (%)	Net profit	Year-on-year Growth of net profit (%)	Return on net assets (%)	Price earning ratio
600012.SH	Anhui Expressway	1597530.80	1146156.86	28.25	174468.63	-21.76	41492.46	-50.72	4.45	7.83
000429.SZ	GPED A	1690547.73	948776.93	43.88	142430.60	-37.54	41705.75	-67.26	3.63	11.26
000548.SZ	Hunan Investment	204778.47	177868.48	13.14	30173.73	45.34	7162.99	114.84	4.11	38.51
000755.SZ	Shanxi Road Bridge	825159.67	112690.50	86.34	38201.23	-42.52	-8839.76	-179.35	-7.55	11.34
000828.SZ	Dongguan Development	1355145.86	858301.67	36.66	86055.72	-29.85	66757.24	-20.05	8.98	9.97
000885.SZ	City Development Environment	1145125.65	490084.65	57.20	163098.33	-3.71	30467.29	-46.32	8.06	10.44
000900.SZ	Modern Investment	4583164.56	1105822.28	75.87	1070996.78	7.74	44260.93	-46.02	4.35	5.88
001965.SZ	China Merchants Highway	9415952.73	5604634.14	40.48	439384.39	-22.61	143394.69	-61.20	2.47	9.50
600020.SH	Zhongyuan Expressway	4776815.69	1212357.72	74.62	354070.54	-27.27	12815.57	-90.37	1.04	5.31
600033.SH	Fujian Expressway	1604035.57	1198389.26	25.29	151754.74	-27.39	33356.18	-61.35	2.59	8.92
600035.SH	Chutian Expressway	1655440.50	719466.93	56.54	159006.70	-17.25	28320.80	-45.06	4.15	7.27
600106.SH	Chongqing Road Bridge	622235.29	377319.48	39.36	15889.98	-10.70	20123.05	-12.68	5.35	14.34
600269.SH	Ganyue Expressway	3632997.44	1736069.67	52.21	332697.61	-0.91	9102.76	-90.90	0.64	7.14
600350.SH	Shandong Expressway	9199478.80	3487961.94	62.09	758466.65	-4.97	153739.48	-34.89	4.27	8.92
600368.SH	Wuzhou Traffic	1096941.48	465235.61	57.59	131306.54	-17.89	47798.37	-43.89	10.61	4.36
600377.SH	Ninghu Expressway	5989817.12	3207581.28	46.45	535279.74	-28.60	193502.28	-46.89	6.75	11.38
600548.SH	Shenzhen Expressway	5149076.64	2080167.00	59.60	342636.45	-18.39	61720.94	-73.57	3.47	7.56
601107.SH	Sichuan Expressway	3947240.85	1609882.87	59.22	329878.17	-29.50	31607.59	-72.95	1.74	9.97
601188.SH	Longjiang Traffic	509108.11	458199.64	10.00	35914.67	-31.61	14502.38	-52.39	3.06	9.90
601518.SH	Jilin Expressway	641885.68	398377.82	37.94	42086.78	-23.03	-263.79	-101.90	0.43	16.68
Arithmetic mean		2982123.93	1369767.24	48.14	266689.90	-17.12	48636.36	-54.15	3.63	10.82
Media		1629738.04	1027299.60	49.33	161052.52	-22.18	32481.89	-51.56	3.87	9.70

Note: Source from Wind, and the information were as at 30 September 2020.

Section III Corporate Business Summary

II. EXPLANATION ON MATERIAL CHANGE IN MAJOR ASSETS OF THE GROUP DURING THE REPORTING PERIOD (IN ACCORDANCE WITH PRC ACCOUNTING STANDARDS)

Unit: yuan Currency: RMB

Item	31 December 2020	31 December 2019	Rate of Change (%)	Explanation on change
Trading financial assets	1,104,490,547.95	422,316,986.30	161.53	Mainly due to the increase in the purchase of structured deposits with floating rates in banks during the reporting period compared with that of the same period last year
Financial assets at fair value through other comprehensive income	118,326,018.74	315,530,888.10	-62.50	Mainly due to the reclassification of the investment in the fund partnership to other non-current financial assets at the end of the reporting period
Construction in progress	256,239,249.24	71,255,879.88	259.60	Mainly due to the increase of the electromechanical system renovation projects of toll stations and the transformation projects of Susong interchange during the reporting period
Taxes payable	277,608,151.35	174,109,774.91	59.44	mainly due to the increase in the balance of enterprise income tax payable at the end of the reporting period
Long-term payables	522,905,699.32	392,499,619.04	33.22	mainly due to the increase in loans payable to minority shareholders by Ningxuanhang Company during the reporting period

Among which assets of RMB1,926,714.78 are in overseas representing 0.01% of the total assets.

Section III Corporate Business Summary

III. ANALYSIS ON CORE COMPETENCY DURING THE REPORTING PERIOD

The Company was founded in 1996, and is the first PRC expressway company listed in Hong Kong, and also the only listed highway company of Anhui province.

1. The transportation infrastructure concession is the core business of the Group. Our operating region is located in Anhui province, having superior geographical location and the geographical advantages. Our road sections are major transit national trunks across Anhui regions. With the implementation of the Yangtze River Delta integration national strategy and the Yangtze River Economic Belt development strategy, the network economic efficiency of the roads managed by the Group shall become more apparent.
2. The performance of the Group remains outstanding and stable, with high credit rating, low debt to assets ratio and strong solvency. At the same time, the operation of the Group is steady, and the outcomes of management on relations with investors are significant with a higher degree of concern in the capital market, resulting in a sound guarantee for future development by equity financing, continuous improvement in financing structure, and further expansion with the help of capital market.
3. Since its listing, the Company has shown a corporate image of openness and integrity to investors with information disclosure that is sufficient, fair and in compliance with relevant regulations, and has gained a good social response and influence in the PRC and overseas through active investor relationship management. Our persisting long-term high cash dividend ratio policy also gains favor and support from market and investors. The Company has a stable investor foundation and good market image in the domestic and overseas capital market.

Section IV Report of the Board of Directors

I. MANAGEMENT DISCUSSION AND ANALYSIS

During the reporting period, in the face of epidemic prevention and control, flood prevention and relief, national evaluation on maintenance and other tasks, the Company united as one, overcome difficulties, and successfully completed all the goals and tasks. Affected by the epidemic and flood conditions, especially the policy-based reduction of tolls, the annual business indicators showed a marked decline in the first half of the year and a strong rebound in the second half of the year, breaking out in a “V” shaped reverse curve.

1. Epidemic prevention and flood control to ensure smooth traffic

The epidemic prevention and control is accurate and effective. We quickly set up the epidemic prevention and control headquarters, establish and strictly implement the leadership “responsibility system of guarantee prevention and control”, and do our best to do a good job in epidemic prevention and control. Adhering to the principle of “waiving charge but not waiving responsibility” and “waiving charge but not waiving service”, we undertook the responsibility of transfer base for entry personnel in Anhui Province, completed 87 shifts and 1418 entry transfer tasks, and achieved the major victory of “zero accident and zero infection”. The Company reduced the rent of small, medium and micro enterprises by more than 3 million yuan, and donated 5 million yuan to help local epidemic prevention, providing a strong guarantee for the resumption of work and production and social and economic development. The Company has won the title of “Outstanding entity in the fight against the COVID-19 epidemic in national transport system”.

Flood control and disaster relief response is efficient. In the face of the rare flood disaster in history, the Company conducted scientific command and accurate dispatch, went to the first-line guarantee supervision, strengthened the flood warning and analysis and judgment, timely repaired and blocked the flood damage, effectively guaranteed the safety and smoothness of the life passage for flood control and disaster relief. During the flood control period, there was no large-scale damage to the infrastructure of the expressways under its jurisdiction, and no casualties occurred to the vehicles, which fully verified the emergency response capacity of the Company.

2. Consolidate the foundation, continue to improve the level of operation and maintenance

Operation management overcomes difficulties and forge ahead. Promote and implement the “second half of the article” of cancellation of toll stations at the provincial border, quickly adapt to the new national network charging model, adjust the operating system, rely on internal and external linkages, big data and other means to carry out collaborated special operations against toll evasion, and establish a full-staff inspection mechanism. Do a good job in plugging loopholes and chasing outstanding tolls. Strengthen the dynamic monitoring of system operation, optimize the mechanical and electrical operation and maintenance management mechanism, comprehensively promote digitalization and platformization, and realize the traceability of the whole process.

Outstanding maintenance and management achievements. Focusing on the four aspects of “reform, maintenance and transformation, management upgrading, and service improvement”, the Company has made precise efforts to improve the road quality steadily, and won high recognition from the evaluation group of the Ministry of Transport, and achieved remarkable results in the national evaluation and inspection. The sewage purification facilities in the service areas have been renovated, the public toilets have been expanded and upgraded, the environmental quality of the service areas has been effectively improved, sound barriers have been added, new environment-friendly and low-noise expansion joints have been developed and applied, etc., to effectively reduce the noise interference of the expressway, and the environmental protection concept has been implemented.

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3. Take the initiative to improve the ability of innovation and development

Diversified development still under tested. In order to seize the opportunities for the development of the information industry, the Company invested RMB6 million to establish the Information Industry Company with a shareholding of 10%. During the reporting period, it has completed the second investment of RMB3 million. As of the end of the report period, the Company has completed all the capital contributions to the Information Industry Company.

The Company continued to strengthen the control of the joint stock companies and shares holding companies, strengthened the foundation of equity management, and continuously strengthened post-investment management. In 2020, the Company confirmed and obtained a total equity dividend of RMB204 million (2019: RMB212 million). Among them, dividend from Xuanguang Company is 139 million yuan, dividend from Guangci Company is 37.1025 million yuan, dividend from Expressway Media is 22.7386 million yuan, dividend from China Merchants Fund is 1.9925 million yuan, and dividend from Jinshi Merger and Acquisition Fund is 3.3209 million yuan.

4. Deepening governance and improving governance capacity

During the reporting period, regulatory documents such as the Articles of Association, the Rules of Procedure of the General Meeting of Shareholders, the Rules of Procedure of the Board of Directors and the Rules of Procedure of the Supervisory Committee were comprehensively revised, and the level of corporate governance continued to improve. The elections of the Board and the Supervisory Committee for the ninth session were completed on schedule, which guaranteed the standardized operation of the Company's Board and Supervisory Committee.

Continued to optimize the internal control system, conducted testing on the effectiveness of internal control and risk assessment, and improved the supervision mechanism.

5. Analysis of the prevailing development trend

The year 2021 is the first year of the 14th five-year plan. It is also an important year for the comprehensive implementation of the major strategy of the integrated development of the Yangtze River delta, construction of the Yangtze River economic belt and the construction of a transportation power.

On one hand, we should make full use of the good opportunities and favorable conditions for the Company's development. First, we will deepen the implementation of major strategies such as the integration of the Yangtze River delta, the Yangtze River economic belt, and the construction of a transportation power, and accelerate the construction of a beautiful, modernized Anhui Province in the new stage, there're still huge space and potential for the development of the main business of expressways. Second, the trend of deep integration of new generation information technology and transportation is becoming increasingly obvious, and new technologies such as artificial intelligence, big data, 5G and block chain are deeply integrated with the transportation industry, providing new opportunities and new space for the Company to realize industrial transformation and upgrading. Third, the three-year action plan for the reform of state-owned enterprises has been implemented, and a series of reform policies have provided operational guidelines for the Company to optimize its management mode and enhance its development vitality.

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On the other hand, we should be aware of the problems and challenges faced by the Company. From the external environment, the impact of COVID-19 is still ongoing, the foundation for the sustained recovery of China's economy is not yet solid, and there is still downward pressure on economic performance. The continuous increase of policy exemptions and the launch of a new national road network system have posed greater challenges for the Company to control operational risks and achieve high-quality development. From the Company's internal perspective, the Company's major road resources have entered a mature period, and the traffic volume growth and main business growth became slow; The core road sections of the Company is gradually approaching expiration of toll period, and the sustainable development of the Company is facing significant challenges. The small scale of assets limits the major investment and capital operation space of the main business.

II. MAJOR OPERATION STATUS DURING THE REPORTING PERIOD

During the reporting period, in accordance with PRC Accounting Standards, the Group achieved a revenue of RMB2,632,532 thousand (2019: RMB2,946,421 thousand), representing a decrease of 10.65% over the corresponding period of the previous year; total profit of RMB1,248,994 thousand (2019: RMB1,560,167 thousand), representing a decrease of 19.94% over the corresponding period of the previous year; net profit attributable to shareholders of the Company of RMB918,480 thousand (2019: RMB1,097,546 thousand), representing a decrease of 16.32% over the corresponding period of the previous year; basic earnings per share of RMB0.5538 (2019: RMB0.6617), representing a decrease of 16.32% over the corresponding period of the previous year.

During the reporting period, in accordance with the Hong Kong Accounting Standards, the Group achieved a revenue of RMB2,714,269 thousand (2019: RMB4,640,431 thousand), representing a decrease of 41.51% over the corresponding period of the previous year; profit before income tax of RMB1,245,972 thousand (2019: RMB1,550,142 thousand), representing a decrease of 19.62% over the corresponding period of the previous year; profit attributable to the owners of the Company of RMB916,104 thousand (2019: RMB1,089,855 thousand), representing a decrease of 15.94% over the corresponding period of the previous year; basic earnings per share of RMB0.5523 (2019:RMB0.6571), representing a decrease of 15.94% over the corresponding period of the previous year. The main reason for the increase in turnover was the decrease in revenue from construction contracts and tolls.

Operations of toll highways (in accordance with the PRC Accounting Standards)

In the first half of 2020, the COVID-19 epidemic had a significant impact on the Group's production and business activities. According to the requirements of the state, the Spring Festival holiday will continue to implement the toll-free policy for small buses. The free time for small buses will be extended from 24 January, 2020 to 24:00 on 8 February, with a total of 16 free days. For the prevention and control of the epidemic, the Ministry of Transport has requested that vehicles passing toll roads be exempted from tolls for 79 days from 0:00 on 17 February to 0:00 on 6 May, 2020. In addition, the implementation of new toll charging methods and standards since 2020 and the increase in the number of ETC card users enjoying preferential rates have had a certain impact on the tolls revenue of the Group's various projects. With the orderly economic recovery in the second half of the year, the overall recovery of road transportation and logistics demand in the region. In the second half of 2020, the tolls revenue of all the expressways operated by the Group increased year-on-year.

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During the reporting period, the Group achieved a toll income of RMB2,411,624 thousand in total (After tax) (2019: RMB2,752,083 thousand), representing a decrease of 12.37% over the corresponding period of the previous year.

Economic development, policy exemption and effect of road networks remain the principal factors affecting the Group's toll income.

In 2020, China's gross domestic product ("GDP") amounted to RMB101,598.6 billion, representing an increase of 2.3% year on year in comparable price. Anhui province's GDP in 2020 amounted to RMB3,868.06 billion, representing an increase of 3.9% year on year in comparable price.

Starting from 12 July 2016, truck drivers holding an Anhui transportation card to travel via the expressways in the province would be entitled to 15% discount in toll, which attracted some truck drivers to choose to travel via expressway; In October 2018, Anhui Provincial Department of Transportation issued the "Notice on Adjustment of Preferential Period for Truck Toll", extending the end date for such preferential policies from 11 July 2019 to the end of 2020.

On December 31, 2020, with the consent of the provincial government, the Provincial Department of transportation, the provincial development and Reform Commission and the Provincial Department of Finance issued the notice on matters related to vehicle tolls of toll roads in our province (Wan Jiao Lu [2020] No. 162), which was formally implemented on January 1, 2021. The period of 15% discount for freight vehicles holding Anhui transportation card is tentatively extended for 3 years, i.e. from January 1, 2021 to December 31, 2023.

During the Reporting Period, with various policies and measures of exemption being implemented continuously, in addition to the toll reduction affected by the epidemic, the total amount of other reductions was 433 million yuan, of which:

The amount of exemption in Green Channel was about RMB129 million, with over 274.1 thousand vehicles being exempted;

The amount of exemption on holidays was RMB98 million, with over 2,279.1 thousand vehicles being exempted;

ETC preferential relief is RMB200 million. Among them, the preferential reduction of freight vehicles with Anhui transportation card is RMB118 million, accounting for 59% of the total amount of etc reduction; other policy-based exemptions are about RMB6 million.

Furthermore, the operating performance of toll highways are also affected by other factors, including the changes in competing or collaborative neighboring road networks and renovation and expansion of connected or parallel roads, and the extent of such impact will depend on each single road project.

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Items	Interests	Converted average daily traffic volumes for entire journey (vehicle)			Toll income (RMB'000)		
		2020	2019	Change (%)	2020	2019	Change (%)
Hening Expressway	100%	32,100	24,308	32.06%	849,170	843,864	0.63%
New Tianchang Section of National Trunk 205	100%	6,989	6,921	0.98%	73,624	87,128	-15.50%
Gaojie Expressway	100%	20,438	18,053	13.21%	599,183	716,249	-16.34%
Xuanguang Expressway	55.47%	27,767	26,221	5.90%	466,047	547,359	-14.86%
Lianhuo Expressway Anhui Section	100%	18,169	16,523	9.96%	208,378	291,486	-28.51%
Ninghuai Expressway Tianchang Section	100%	41,415	35,822	15.61%	89,766	106,802	-15.95%
Guangci Expressway	55.47%	32,766	29,584	10.76%	96,686	110,610	-12.59%
Ningxuanhang Expressway	51%	4,913	4,988	-1.50%	102,521	132,748	-22.77%

Items	Interests	Ratio of passenger vehicles to goods vehicles		Toll income per kilometer per day (RMB)		
		2020	2019	2020	2019	Change (%)
Hening Expressway	100%	71:29	75:25	22,080	17,253	27.98%
New Tianchang Section of National Trunk 205	100%	30:70	22:78	8,551	7,957	7.47%
Gaojie Expressway	100%	53:47	58:42	18,979	17,839	6.39%
Xuanguang Expressway	55.47%	67:33	73:27	19,331	17,853	8.28%
Lianhuo Expressway Anhui Section	100%	66:34	67:33	13,445	14,789	-9.09%
Ninghuai Expressway Tianchang Section	100%	81:19	83:17	22,341	20,901	6.89%
Guangci Expressway	55.47%	68:32	76:24	24,063	21,646	11.17%
Ningxuanhang Expressway	51%	71:29	76:24	3,053	3,114	-1.96%

Notes:

- The converted average daily traffic volumes for entire journey does not include the data of small passenger cars in non-ETC lanes during the free period of them in 2020 (except for the Ninghuai Expressway Tianchang Section and the New Tianchang Section of National Trunk 205) and all the data of small passenger cars that were exempt from traffic for 79 days from 0:00 on 17 February 2020 to 24:00 on 5 May 2020.
- The traffic volume data is provided by Anhui Expressway Network Operations. In 2020, freight vehicles were charged according to vehicle types instead of by weight, and the change of road network charging method leads to certain differences in the statistical model of traffic volume compared with last year, which is only for investors' reference.
- The toll income data above are tax included.

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Hening Expressway

During the reporting period, benefiting from the completion of the “four-lane to eight-lane” construction works of Hening Expressway, part of the vehicles going to Nanjing and surrounding cities re-chose Hening Expressway. Since the resumption of tolling, Hefei has resumed work and production at a faster pace than surrounding cities. The local economy has continued to recover, stimulating the recovery of industries closely related to transportation, such as passenger transport and logistics. Affected by the above factors, during the reporting period, Hening expressway toll revenue increased by 0.63% year on year.

Ninghuai Expressway Tianchang Section

During the reporting period, with the opening of new sections in Jiangsu Province, the improvement of the road network structure, the convenience and timidity of vehicle driving expressway attracted vehicles to use the expressway, and the increase of long-distance vehicles was particularly obvious. Jiangsu Internet-connected expressway implements the preferential policy of differentiated freight charges. The freight cars above 6 axis carry out the charging standard according to the 6 categories of freight cars, which attracts some freight cars to re-choose the Ninghuai Expressway. In the second half of the year, the freight traffic in this section increases rapidly compared with the same period last year.

New Tianchang Section of National Trunk 205

The 101 County Road, which runs parallel to the National Trunk 205, has been damaged many times, and some large trucks have been diverted to the county road. In addition, the 204 Provincial Road, which is parallel to the National Trunk 205, will be fully connected in December 2020, resulting in the diversion of some vehicles, which will have a certain impact on the tolls revenue of the Tianchang Section of National Trunk 205.

Lianhuo Expressway Anhui Section

The Xiaoxian section of National Highway 310 and National Highway 311 will be repaired and opened to traffic at the end of 2019 after overhauling, and the Xiaoxian East Station of Lianhuo Expressway will be closed for construction in the third quarter of 2020. The original vehicles will be diverted to other roads to bypass, which will have a certain diversion effect on large buses and large trucks in this section.

Gaojie Expressway

Gaojie Expressway is a component of G50 Shanghai-Chongqing Expressway in the national expressway network, and an important east-west transit channel in our province. With the orderly resumption of work and production in the second half of the year, the traffic demand is released rapidly. This section is connected with He'an Expressway in the north, and the completion of the “four-lane to eight-lane” construction works from Fangxing Avenue to Mayan section of He'an Expressway at the end of 2019 will bring some positive benefits to its benefit.

Xuanguang Expressway and Guangci Expressway

In the second half of 2020, the public security traffic police and the highway administration of National Highway 235 will control the vehicles in different periods, resulting in some trucks being transferred to Xuanguang Expressway and Guangci Expressway. After the epidemic prevention and control became normal, road trips to Jiangsu, Zhejiang, Shanghai and Anhui were gradually popular, driving the growth of passenger car flow and toll revenue.

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Ningxuanhang Expressway

Due to the impact of continuous precipitation in the third quarter, the parallel provincial road was flooded seriously, and the vehicles could only choose to go through the highway, which resulted in the rapid growth of freight traffic in Xuanli section of Ningxuanhang Expressway. In the second half of 2020, the construction and maintenance of distributary national highways will be carried out one after another, and some vehicles will choose to detour from the Ningxuanhang Expressway, which will drive the income of Xuanning Section and Ningqian Section to a certain proportion.

General achievements of the pawn business

In June 2012, the Company and Huatai Group jointly set up Hefei Wantong Pawn Company Limited (“Wantong Pawn”), in which the Company injected capital in the sum of RMB150 million, accounting for 71.43% of its registered capital; Huatai Group invested RMB60 million, accounting for 28.57% of its registered capital. In 2015, both shareholders reduced capital in the total sum of RMB52.5 million of Wantong Pawn in proportion to their respective capital contribution, and the current registered capital of the company is 157.50 million. In 2020, the shareholder Huatai Group was changed into Anhui Huarui Packaging Corporation Limited, and the investment amount and proportion remain unchanged.

During the reporting period, while grasping the clearance work of bad projects, Wantong Pawn steadily promoted the personal real estate mortgage business, receiving a total of RMB4,689 thousand of settlement related funds, and actually granted 18 loans under the personal real estate mortgage business with a total amount of RMB17,340 thousand. Interests for all those new loans granted at present are paid on time and there is no significant risk signal.

During the reporting period, Wantong Pawn reversed RMB3,614 thousand of the provision for impairment of the previous year and wrote off RMB65,547.1 thousand of it, and the accumulated provision reached RMB32.749 million (2019: RMB100 million); During the Reporting Period, Wantong Pawn achieved an operating income of RMB5,980.6 thousand, the net profit was RMB3,648.3 thousand, and achieved an increase of RMB719.6 thousand in profit year on year.

(I) Analysis of Principal Business (in accordance with the PRC Accounting Standards)

1. Analysis of changes in certain items in the consolidated income statement and the consolidated cash flow statement

Unit: yuan Currency: RMB

Item	Amount for the reporting period	Amount for the same period of last year	Increase/decrease (%)
Revenue	2,632,532,207.42	2,946,420,820.29	-10.65
Cost of sales	1,302,643,579.95	1,272,488,308.82	2.37
Administration cost	103,640,334.28	98,015,239.43	5.74
Finance cost	86,948,657.26	51,699,093.28	68.18
Earnings from fair value changes	105,427,349.75	11,891,005.50	786.61
Net cash flows from operating activities	1,703,936,939.19	1,822,702,104.07	-6.52
Net cash flows used in investing activities	-1,167,352,121.80	-1,716,710,610.67	-32.00
Net cash flows used in financing activities	-474,092,613.46	-654,204,253.20	-27.53

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2. *Analysis on Revenue and Costs*

The change in revenue was mainly due to the decrease in toll income caused by COVID-19 epidemic in this reporting period;

The change in operating cost was mainly due to depreciation and amortization since January 2020 after the completion of the reconstruction and expansion of Hening in this reporting period;

The change in administration cost was mainly due to the increase of management personnel in this reporting period;

The change in finance cost mainly caused by the increase in the amount of the floating rate structured deposit purchased from the bank during the reporting period, and its income is included in the fair value change income;

The change in earnings from fair value changes was mainly due to the Company's recognition of the fair value change income of the fund partnership and the gains from the floating rate structured deposit in this reporting period;

The change in net cash flows from operating activities was mainly due to the reduction of the company's toll income in this reporting period;

The change in net cash flows used in investing activities mainly caused by the decline of cash paid for the purchase and construction of long-term assets after the completion of reconstruction and expansion of Hening;

The change in net cash flows used in financing activities was mainly due to the decline of the long-term loan repaid to the bank by Ningxuanhang Company in the reporting period compared with the same period of last year.

(1) *Principal businesses in terms of industries, products and regions*

Unit: yuan Currency: RMB

In terms of industries	Principal businesses in terms of industries					
	Revenue	Cost of sales	Gross profit rate (%)	Change in revenue income (compared with the previous year)(%)	Change in cost of sales (compared with the previous year)(%)	Change in gross profit rate (compared with the previous year)
Toll highway business	2,442,389,999.93	1,176,808,490.66	51.82	-12.15	1.27	A decrease of 6.39 percent point
Pawn business	5,980,597.40	0.00	N/A	41.52	N/A	N/A

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Principal businesses in terms of products						
In terms of products	Revenue	Cost of sales	Gross profit rate (%)	Change in revenue (compared with the previous year) (%)	Change in cost of sales (compared with the previous year) (%)	Change in gross profit rate (compared with the previous year) (%)
New Tianchang Section of National Trunk 205	70,117,996.26	41,741,969.99	40.47	-15.50	0.42	A decrease of 9.44 percent point
Gaojie Expressway	592,407,449.63	162,022,460.74	72.65	-16.16	-7.84	A decrease of 2.47 percent point
Xuanguang Expressway	452,472,953.60	150,651,034.25	66.70	-14.86	-7.39	A decrease of 2.69 percent point
Lianhuo Expressway Anhui Section	204,447,188.27	119,649,708.83	41.48	-28.31	-8.03	A decrease of 12.90 percent point
Ninghuai Expressway Tianchang Section	89,378,360.97	36,256,133.63	59.44	-15.68	1.17	A decrease of 6.75 percent point
Guangci Expressway	93,869,444.57	20,835,595.10	77.80	-12.59	9.43	A decrease of 4.47 percent point
Ningxuanhang Expressway	99,534,843.49	253,130,329.01	-154.31	-22.81	2.59	A decrease of 62.95 percent point
Wantong Pawn	5,980,597.40	0.00	N/A	41.52	N/A	N/A
Total	2,448,370,597.33	1,176,808,490.66	51.94	-12.07	1.27	A decrease of 6.33 percent point

Principal businesses in terms of regions						
In terms of regions	Revenue	Cost of sales	Gross profit rate (%)	Change in revenue (compared with the previous year) (%)	Change in cost of sales (compared with the previous year) (%)	Change in gross profit rate (compared with the previous year) (%)

(2) *Production situation analysis*

Applicable Not applicable

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(3) Cost analysis statement

Unit: yuan Currency: RMB

		In terms of industries				
Industry	Cost structure items	Amount of current period	Percentage of amount of current period over the total cost (%)	Amount of the same period of the previous year	Percentage of amount of the same period of the previous year over the total cost (%)	Amount of current period compared with the same period over the last year (%)
Toll highways business	Depreciation and amortization	737,091,516.65	56.58	705,201,134.84	55.42	4.52
	Roads repairing expenses	192,742,417.29	14.80	195,950,126.00	15.40	-1.64
	Other costs	372,809,646.01	28.62	371,337,047.98	29.18	0.40
	Subtotal	1,302,643,579.95	100.00	1,272,488,308.82	100.00	2.37
Pawn business		0.00	0.00	0.00	0.00	N/A
Total cost		1,302,643,579.95	100.00	1,272,488,308.82	100.00	2.37

		In terms of products				
Product	Cost structure items	Amount of current period	Percentage of amount of current period over the total cost (%)	Amount of the same period of the previous year	Percentage of amount of the same period of the previous year over the total cost (%)	Amount of current period compared with the same period over the last year (%)
Toll highways business	Depreciation and amortization	737,091,516.65	56.58	705,201,134.84	55.42	4.52
	Roads repairing expenses	192,742,417.29	14.80	195,950,126.00	15.40	-1.64
	Other costs	372,809,646.01	28.62	371,337,047.98	29.18	0.40
	Subtotal	1,302,643,579.95	100.00	1,272,488,308.82	100.00	2.37
Pawn business		0.00	0.00	0.00	0.00	N/A
Total cost		1,302,643,579.95	100.00	1,272,488,308.82	100.00	2.37

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(4) *Major customers and major suppliers*

Applicable Not applicable

The major customers of the Group are mainly users of our toll highways, and there are no significant major purchase in relation to our ordinary operation. Thus, the Group does not have major customers and suppliers that could be further disclosed.

3. *Expenses*

Administrative expenses

In 2020, the Group's administrative expenses were RMB103,640,334.28, representing an increase of 5.74% as compared to the same period last year (2019: RMB98,015,239.43). Such increase was mainly due to the increase in the Company's administrative personnel during the reporting period as compared with the corresponding period last year.

Finance costs

In 2020, the Group's finance costs were RMB86,948,657.26, representing an increase of 68.18% as compared to the same period last year (2019: RMB51,699,093.28). Such increase was mainly caused by the increase in the amount of floating rate structured deposits purchased from banks during the reporting period, and the gains were recorded as income from changes in fair value.

Earnings from fair value changes

In 2020, the Group's earnings from fair value changes were RMB105,427,349.75, representing an increase of 786.61% as compared to the same period last year (2019: RMB11,891,005.50). Such increase was mainly due to the Company's recognition of the fair value change income of the fund partnership and the gains from the floating rate structured deposits during the reporting period.

Income tax

During the year, except for HK Subsidiary, the applicable income tax of the Company, the Company's subsidiaries and affiliates were 25% (HK Subsidiary: 16.5%).

In 2020, the Group's income tax expenses were RMB383,044,109.63, representing a decrease of 23.54% (2019: RMB500,962,205.18). The decrease of income tax expense is mainly caused by the decrease in operating income of the Company during the reporting period.

Value-added tax

Since May 1, 2016, the group has implemented the replacement of business tax with value-added tax. Except for the simple value-added tax rate of 5% applicable to the national highway 205 owned by the company, the other expressway sections of the Company, Xuanguang Company, Ningxuanhang Company and Guangci Company levied the value-added tax by 3% of the toll revenue by simple approach; 0% tax rate is applied to compensation income due to road damage; the value-added tax rate of road rescue income, expressway management income, operating income of service sections was 6%; value-added tax was levied by simple approach based on 5% of the rental income; the sales tax rate of Wantong Pawn's pawning loan interest income was 6%.

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4. *Research input*

(1) *Research input statement*

Applicable Not applicable

(2) *Presentation of Condition*

Applicable Not applicable

5. *Cash flows*

In 2020, the Group's net cash inflows from operating activities were RMB1,703,936,939.19 (the same period in 2019:RMB1,822,702,104.07), representing a decrease of 6.52% in the same period last year. The decrease was mainly due to the decrease in the Company's toll income during the reporting period;

In 2020, the Group's net cash outflows from investing activities were RMB -1,167,352,121.80 (the same period in 2019: RMB -1,716,710,610.67), representing a decrease of 32% in the same period last year. The decrease was mainly caused by the decline of cash paid for the purchase and construction of long-term assets after the completion of Hening Expressway reconstruction and expansion.

In 2020, the Group's net cash outflows from financing activities were RMB -474,092,613.46 (the same period in 2019: -654,204,253.20), representing a decrease of 27.53% in the same period last year. The reason of the decrease was the decrease in long-term bank loans repaid by Ningxuanhang Company during the reporting period compared with the same period of the previous year.

During the reporting period, the aggregated sum of external borrowings obtained by the Group was RMB405 million. At the end of the reporting period, there was still outstanding bank borrowings of RMB2,229 million, of which, 1,934 million were long-term borrowings and 295 million were short-term borrowings, with annual interest rates ranging from 1.2% to 4.9% which mainly comprised floating rate bank borrowings for the construction of Ningxuanhang Expressway and a special borrowing from CDB of RMB0.54 billion for the road widening construction work of Hening Expressway. The principal will be repaid between 2021 and 2040.

The Group was awarded with good credit ratings. On 31 December 2020, the total credit facilities granted was RMB3.729 billion, and the facilities not yet utilized amounted to RMB1.595 billion.

(II) **Presentation of major changes in profits caused by non-core business**

Applicable Not applicable

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(III) Analysis of assets and liabilities (in accordance with the PRC Accounting Standards)

1. Assets and Liabilities

Unit: yuan Currency: RMB

Item	Amount at the end of the period	Amount as a percentage of the total assets at the end of the period (%)	Amount at the end of last period	Amount as a percentage of the total assets at the end of last period (%)	Change in the amount at the end of the period as compared to the amount at the end of the previous period (%)
Trading financial assets	1,104,490,547.95	6.80	422,316,986.30	2.60	161.53
Financial assets at fair value through other comprehensive income	118,326,018.74	0.73	315,530,888.10	1.94	-62.50
Construction in progress	256,239,249.24	1.58	71,255,879.88	0.44	259.6
Payable taxes	277,608,151.35	1.71	174,109,774.91	1.07	59.44
Long-term payables	522,905,699.32	3.22	392,499,619.04	2.42	33.22

Other explanations:

The increase in trading financial assets was mainly due to the increase in the purchase of floating rate structured deposits in banks during the reporting period compared with the same period of the previous year;

The decrease in financial assets at fair value through other comprehensive income was mainly due to the reclassification of investments in fund partnerships to other non-current financial assets during the reporting period;

The increase of the projects under construction was mainly caused by the increase of the electromechanical system renovation projects of toll stations and the transformation projects of Susong Interchange during the reporting period.

The increase in taxes payable was mainly caused by the increase in the balance of enterprise income tax payable at the end of the reporting period;

The increase in long-term payables was mainly due to the increase in loans payable to minority shareholders by Ningxuanhang Company during this reporting period.

2. Restrictions on assets as at the end of the Reporting Period

Applicable Not applicable

3. Other Presentation

Applicable Not applicable

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(IV) Analysis of operation information of the industry

1. *Broad space for industry development and increasingly apparent policy orientation*

As stated in the Report of the 19th CPC National Congress, China's economy has been transitioning from a phase of rapid growth to a stage of high-quality development. As the promotion and realization of the "ensuring growth, making structural adjustment, promoting reform, improving people's well-being and forestalling risks" policies, the macro economy in China will gradually stabilize, and the economic growth will be more steady, more sustainable and of higher quality. As the speed of economic growth is a key determining factor for growth in transportation demands, there are still plenty of rooms and opportunities for the future development of the highway industry. In terms of social efficiency, as transportation remains an important anchor for national economic growth, there will be no material change in the national policies in relation to construction of transport infrastructure. In terms of investment efficiency, it is expected that investments in road infrastructure will remain a trend of strong growth, further manifesting its driving effect for economic growth. In terms of road network structure, and in light of the strategies of "Rise of Central China" and "China Western Development", the room for investment and construction in the provincial road networks in central and west regions of China remains relatively large.

2. *Transformation development is imminent as investment return is declining*

The toll road industry continued to face a series of challenges. Firstly, the industry was affected by the slowdown in economic growth, the toll revenue growth was limited; secondly, land acquisition and demolition costs, labor costs and other costs continued to rise, and the toll road construction costs were increasing (the construction costs for domestic expressways being about RMB100 million per km at present), while the standards in relation to safety monitoring facilities, environmental protection, road conditions, etc. continued to increase, leading to a continuous rise in operation and maintenance costs; thirdly, most of the quality roads have been in operation for a long time, and the road maintenance cost was high, while the cultivation period of the newly-built section was long, and the road network effect was not satisfactory, the depreciation amortization and interest costs affected the performance of the enterprise; fourthly, the amount of exemption of various types of policies continued to rise, while the management costs for implementation of green channel policy and major holiday payment free policy were also increasing; fifthly, the growing popularity of railways, highspeed rails, air transport and other means of transport and the changes in road network structure continued to have diversion effect on the traffic of the road sections.

At present, under the traditional mode of investment and financing, the return on investment of the toll road industry, especially the new toll road project, has been declining, the commercial value of the investment is not high. Regarding the acquisition of developed road assets, the road sections with better performance tend to be greatly appreciated in valuation, competition for quality road assets has directly led to soaring transaction prices, resulting in substantially reduced investment yields. From the perspective of the industry as a whole, affected by factors such as expiring concession and declining marginal return on investment, etc, development on diversification and transformation has become a strategic choice for industry development, and listed companies in the industry had embarked on diversified expansion.

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3. *Well established controlling shareholders and huge space for reform of state-owned enterprise*

From the industry's perspective, most controlling shareholders of listed highway companies are large provincial enterprises, having advantage in terms of asset size, capital strength, level of revenue and core competitiveness. Most shareholders and holding listed companies have the feature of "large groups, small companies".

The Report of the 19th CPC National Congress emphasized on the continuing and deepened reform of state-owned enterprises, promoting the preservation and appreciation of state-owned assets, and supporting the state-owned capital to be stronger, better and larger. Currently, the central government attaches great importance to the reform and development of state-owned enterprises, and has repeatedly made important instructions stressing on the practical significance of the state-owned enterprises being stronger, better, and larger. It has explicitly pointed out that in order for state-owned enterprises to be stronger, be better, be larger, deep reforms, with enhancement of vitality and improvements in management efficiency as the focus, would have to be carried out, so as to continuously increase the core competitiveness, dominance and influence of state-owned enterprises. The Anhui provincial government has also requested the state-owned enterprises in the province to strive towards the major direction of developing a mixed ownership system by pushing forward the overall listings, mergers and restructuring as the major forms, so as to further deepen the reform of state-owned enterprises, actively introduce strategic investors, improve corporate governance structures, and constantly enhance the vitality of enterprise development. In recent years, China has significantly accelerated its pace of capital market reform and innovation. A multi-level capital market system is initially formed with an expanding depth and breadth of the service entity economy. The reform of state-owned enterprises are in a period of better policies and market opportunities. In this context, many local state-owned enterprise have specified in their reform programs that listed highway companies and their controlling shareholders will implement plans for subsequent equity incentives, asset securitization, restructuring and upgrading, and so on.

4. *Strengthened level of informatization and new technologies are deeply integrated with the transportation industry*

In recent years, the level of informatization of China's highways kept strengthening. The deep integration of information technology, artificial intelligence, new materials, new energy and other technologies with the transportation industry has put forward higher requirements for the transformation and development of transportation. Highway informatization development next emphasis and breakthrough point is to adhere to lead the wisdom, accelerate transportation infrastructure network, transport service network and information network integration, expanding the scope of the resource sharing, improve the efficiency of humanized service experience and organization coordination, improve governance interactive collaboration, can push forward fu capacity increases the kinetic energy into practice, achieve driven by traditional elements to drive the development of innovation.

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(V) Investment Analysis

1. Overall analysis of external equity investment

During the reporting period, the Company had new equity investment of RMB3 million (same period of 2019: RMB3 million)

For the implementation of the strategic plan under the “13th Five-Year Plan” of the Company to capture the opportunities of development in the information industry, the Company planned to invest RMB6 million in capital contribution to Anhui Transportation Information Industry Co., Ltd., which was jointly invested and established by ATHC. and its subsidiaries Anhui Transport Consulting & Design Institute Co., Ltd. and Anhui Expressway Network Operations Co., Ltd., China Merchants New Intelligence Technology Company Limited* (招商新智科技有限公司) (a subsidiary of China Merchants Expressway Network & Technology Holdings Co., Ltd. (“China Merchants Expressway”)) and Shanghai Lianyin Venture Capital Co., Ltd.* (上海聯銀創投有限公司) (a subsidiary of China UnionPay), in which Company had an equity interest of 10%. The matter was considered and passed by the 12th meeting of the Eighth Session of the Board. Business registration procedures of the company was completed in June 2019. In August 2019, the Company completed the initial capital contribution of RMB3 million. In November 2020, the Company completed the second capital contribution of RMB3 million.

(1) Material equity investments

The Company participated the investment consortium led by China Merchants Expressway to acquire 51% of the shares and shareholder loans of the Third Bridge and the Northern Motorway in Istanbul, Turkey and its operation and maintenance company. The Company would contribute US\$48,195 thousand and hold 7% of the shares of the Consortium Hong Kong SPV. As at the date of this annual report, the Company has not paid the contribution amount. For details, please refer to the Company’s announcement dated 23 December 2019 and headed “Joint Announcement – Connected Transaction: Formation of Joint Venture”.

The project is going through the filing or approval procedures and other related procedures of the Chinese and Turkish government departments, and has completed the filing at the National Development and Reform Commission and the National Department of Commerce.

(2) Material non-equity investments

Applicable Not applicable

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(3) Financial assets measured at fair value

Unit: yuan Currency: RMB

Name of project	Opening balance	Reclassification during this period	Additions during this period	Reductions during this period	Changes in fair value during this period	Ending balance
Trading financial assets – structured deposits	422,316,986.30	0.00	5,720,000,000.00	5,083,177,748.44	45,351,310.09	1,104,490,547.95
Equity instrument investment – unlisted companies and LPs						
– Xin'an Financial	75,308,679.31	0.00	0.00	0.00	0.00	75,308,679.31
– Xin'an Capital	25,222,208.79	0.00	0.00	0.00	0.00	25,222,208.79
– Wantong Micro Credit	15,000,000.00	0.00	0.00	0.00	0.00	15,000,000.00
– Anhui Transportation China Merchants Investment Management Co., Ltd.	375,000.00	0.00	0.00	0.00	681,374.35	1,056,374.35
– Anhui Transportation Jinshi Fund Management Co., Ltd	375,000.00	0.00	0.00	0.00	1,363,756.29	1,738,756.29
– Anhui Transportation China Merchants Industrial Fund	99,625,000.00	-99,625,000.00	0.00	0.00	0.00	0.00
– Anhui Transportation Jinshi Merger and Acquisition Fund	99,625,000.00	-99,625,000.00	0.00	0.00	0.00	0.00
Other non-current financial assets – fund investments						
– Anhui Transportation China Merchants Industrial Fund	0.00	99,625,000.00	0.00	0.00	24,468,137.45	124,093,137.45
– Anhui Transportation Jinshi Merger and Acquisition Fund	0.00	99,625,000.00	0.00	0.00	35,607,902.21	135,232,902.21
Total	737,847,874.40	0.00	5,720,000,000.00	5,083,177,748.44	107,472,480.39	1,482,142,606.35

(VI) Material asset and equity disposal

Applicable Not applicable

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(VII) Analysis of principal subsidiaries and associates (in accordance with the PRC Accounting Standards)

Unit: '000 Currency: RMB

Name of company	Equity capital the Group possesses	31 December 2020			2020		Main business
		Registered Capital	Total assets	Net assets	Revenue	Net profit	
Xuanguang Company	55.47%	111,760	874,588	635,032	480,515	198,775	The construction, management and operation of Xuanguang Expressway
Ningxuanhang Company	51%	300,000	4,440,559	478,120	127,779	-340,295	Highway's construction, design, supervision, toll, maintenance, management, technology consultation and related advertisement service
Guangci Company	55.47%	56,800	265,040	246,998	95,584	55,373	The construction, management and operation of Guangci Expressway
Expressway Media	38%	50,000	440,841	343,540	128,496	54,752	Design, making, publication of and agency for domestic advertisements
Xin'an Financial	6.62%	1,900,000	3,323,102	2,683,622	204,839	140,933	Financial investment, equity investment, management consulting
Xin'an Capital	6.62%	1,120,000	2,240,670	1,275,436	573,993	194,670	Internet financial services, network information services, pawn business, etc.
Wantong Pawn	71.43%	157,500	82,709	76,719	5,981	3,648	Personal property mortgage pawn service, proprietary right mortgage pawn service and real estate mortgage pawn service
Wantong MicroCredit	10%	150,000	119,842	117,446	7,059	2,419	Distributing petty loans, small size enterprises management consulting and financial advisory
HK Subsidiary	100%	1,817	1,817	1,721	0	-156	Highway enterprises; its business covers relevant consultation and technology service for building, investment and operation of road abroad, and currently, the operation has yet to begin
China Merchants Fund	6.64%	3,000,000	1,862,301	1,837,547	365,248	335,614	Investment in energy conservation and environmental protection in transportation services
Jinshi Merger and Acquisition Fund	6.64%	3,000,000	2,035,075	2,035,075	553,297	528,917	Equity investment, asset management, enterprise management consulting
China Merchants Fund Management Company	2.5%	30,000	45,385	42,255	26,142	11,018	Daily management and investment consultation of China Merchants Fund
Jinshi Fund Management Company	2.5%	30,000	72,561	69,550	27,974	20,485	Daily management and investment consultation of Jinshi Merger and Acquisition Fund
Anhui Transportation Information Industry Company	10%	60,000	97,723	64,374	71,731	3,878	Construction, operation and service of traffic charging system; Computer software development; Information system integration services, etc.

Note: Except for the companies within the scope of consolidation of the Group, the financial data of other companies are not audited.

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(VIII) Information on Structured Entities controlled by the Company

Applicable Not applicable

III. DISCUSSION AND ANALYSIS ON FUTURE DEVELOPMENT OF THE COMPANY

(I) Industry landscape and development trend

1. Competition landscape of the industry

Expressways are quasi-public products, the toll road industry is characterized by regionalized operations, clear influence of policies, large scale of investments, long payback period of investments and government guidance, these characteristics will directly determine the competitive landscape and the future development trend of the expressway industry.

(1) *Relatively high barrier of entry for the industry*

The expressway industry is a capital-intensive industry, with long construction period, large and relatively concentrated initial investment, long payback period and poor liquidity of assets, which to a certain extent determine the relatively high barrier of competition for the expressway industry from the perspective of the market. The industry has certain features of a natural monopoly, with economies of scale and clear effect of highway network, while its quasi-public nature determines most of its construction and operating entities to be large local State-owned enterprises.

(2) *Industry competition is mainly competition with other modes of transportation*

With the rapid advancement of national railway network construction, high-speed railway, locomotive and intercity rail transit will greatly shorten the transit time between two places, and have certain impact on highway passenger transport. However, the impact of railway and other modes of transportation on expressway transportation is mainly reflected in passenger traffic and the operating revenue from passenger cars accounts for an insignificant proportion in toll revenue, expressway passenger transport still maintains its advantages in price and flexibility, thus the Company believes that high-speed railway and other modes of transportation will not cause great fluctuations in highway transport.

2. Development trends of the industry

The Company believes that future development of the expressway industry will mainly have the following trends and characteristics: 1) despite the slowdown in investment growth, the scale of overall investment is still large, there is room for growth in construction investments in the central and western regions, optimized connection and structural synergy and adjustment will be the focus of highway networks in future; 2) reforms of the investment and financing systems for the expressway industry will deepen continuously, expressway operating entities will emphasize more on attracting social capital for joint investments in the construction of new road sections and increase in reserves of highway projects, with bank loan, corporate bond, project yield bond and asset securitization under the PPP model becoming market hot spots; 3) the growth in revenue and freight volume of expressway companies are consistent with economic growth, and will be less affected by economic fluctuations in general; and 4) under the existing policies and economic environment, transformation is the development direction of the industry, with development of internal potential and external expansion being the two key development trends.

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In summary, development of the expressway industry and performance of the Group are mainly affected positively or negatively by the following factors: 1) the development of national and regional economies; 2) the change in monetary policies and the level of interest rates; 3) the effects of adjustment and upgrade of industrial structures on the composition of passenger and freight sources; 4) the change in growth of car ownership; 5) the direction of future industry policies; 6) the effect of road network improvement on attraction or diversion of traffic flows; and 7) the competition from railway and air transport with road transport.

(II) Development strategy of the Company

The company will strive to build an industry-leading and domestic first-class expressway operation and management platform and capital operation platform. During the "14th Five-Year Plan" period, the company will focus on building a unified expressway operation and management platform, actively adapt to the new situation of national "one network" operation and management, accelerate the upgrading of the company from traditional operation mode to innovation driven, build a high-level operation and management platform, and create a new benchmark of expressway operation and management. At the same time, we should actively carry out capital operation, enlarge the main business scale, optimize the industrial structure, and strive to become a domestic first-class capital operation platform as listed company.

(III) Business plan

The following business plan does not constitute the Company's performance commitment to investors. Investors are invited to pay attention to investment risks.

Annual business plan

Based on the expectation that there will be no significant change in the operating environment, the group sets an overall toll revenue target of about RMB3.4 billion in 2021 (actual: RMB2.412 billion in 2020). As the number of road sections with longer service life increases year by year, the overload operation pressure of the pavement increases, and the highway maintenance and other expenses in 2021 are expected to increase compared with the same period of last year.

Planned measures:

1. *Keep the main business bigger, better and stronger*

Road assets are the foundation of the Company's development. We should make full use of the franchise right of expressway, constantly expand and strengthen the main business, and constantly strengthen the competitiveness of the company in the expressway industry. Continue to deepen cooperation with leading enterprises in China Merchants highway and other industries, and strive to complete the "Turkey project" in 2021. We should pay close attention to the growth and changes of traffic flow in all road sections, and continue to improve road capacity.

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2. *Improve operation and maintenance service level*

First, promote the charging management to keep pace with the times. According to the new requirements of "one network" of national expressways, we should innovate technical means, strengthen the cooperation between the Ministry and the province, carry out the network wide linkage audit, implement cross provincial payment recovery, and ensure the collection of toll receivable. Second, strengthen the construction of travel service system. We will continue to carry out three-year actions for special rectification of safety production, further promote the standardization of operation safety, continue to deepen the brand construction of "smile service", revise and improve the local standards of service specifications; third, promote the overall upgrading of maintenance management. Strengthen top-level design, further optimize the maintenance management system and mechanism, and integrate the resources of maintenance base and equipment.

3. *Enhance the support capacity of scientific and technological innovation*

According to the Anhui Province Intelligent Transportation Construction Plan (2021–2023) and Anhui Province Comprehensive Transportation Big Data Development Action Implementation Opinions (2021–2025) issued by Anhui Provincial Department of Transportation, we actively participate in the vehicle road collaborative technology innovation projects, explore the integrated intelligent high-speed application system, and actively participate in the construction of "Z" shaped intelligent highway demonstration channel in Yangtze River Delta of Hening Expressway. Actively plan the construction of "Digital Anhui Expressway", effectively gather data resources, and start the construction of interconnected operation integrated cloud platform. We should optimize and improve the management system of scientific and technological innovation, strengthen the top-level design, improve the organization, and do a good job in positive incentive, assessment and supervision.

(IV) Possible risks

In the future strategic development, the Company will pay close attention to the following risk issues and actively take effective responding measures:

Policy risk

1. *Industry policy risk*

The Company's profits mainly come from the investment and operation of toll roads. According to Highway Law and other relevant provisions, highway companies do not have the independent pricing power of the toll standard, and the determination and adjustment of the toll standard must be submitted to the provincial transportation department in conjunction with the price department at the same level for examination and approval. Highway companies must implement the new highway toll policy issued by the government. The Regulations on the Administration of Toll Roads (Revised) have not been published after many years of revision, which brings a lot of uncertainty to toll, operation and maintenance of toll road after its expiration; Policies such as the removal of toll stations at boundary between provinces, accelerating ETC development, toll billing methods adjustment and toll standards adjustment have been introduced continuously, which will help to improve the efficiency of toll roads in the long run, but in the short and medium term, the amount of highway toll exempted and cost input will continue to increase, which is expected to have an impact on the Company's business performance.

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2. *Risk of franchise expiration*

According to the Regulations on the Administration of Toll Roads, the time limit for toll roads shall be examined and approved by the people's governments in provinces, autonomous regions and municipalities in accordance with the relevant standards. The maximum time limit for commercial highway tolls determined by the State in the central and western provinces, autonomous regions and municipalities shall not exceed 30 years.

At present, the Company's major road resources have entered a mature period, and less than half of the operating periods of other road assets except the Ningxuanhang project remain. If the Company's existing highway toll collection period expires and no other newly built or acquired operational highway projects are replenished in time, it will have a negative impact on the sustainable development of the Company.

Countermeasures: Comply with relevant industrial policies, deeply integrate into the Yangtze River Delta integrated development and the construction of the Yangtze River economic belt, expand the scale of major road manufacturers, strive to build a high-quality modern comprehensive transportation system, promote industrial chain reengineering and value chain improvement, and form new competitive advantages; carefully analyze the characteristics of the changes in the traffic flow and vehicle structure of the road network, improve the emergency toll management model, increase traffic capacity, and reduce the management cost of policy implementation through fine management. We will focus on connotative development, make good use of our own resources by tapping the internal growth potential. We should timely increase investment, optimize fund and equity investment, appropriately participate in investment opportunities in emerging industries, start with small-scale and small-proportion equity participation, and actively cultivate new profit growth points.

Market risk

1. *Risk of macroeconomic fluctuations*

The toll road industry is sensitive to macroeconomic changes and road traffic volume and turnover are highly related to GDP. Macroeconomic fluctuations will lead to changes in the requirements of economic activities on transport capacity, that is, changes in highway traffic flow and the total amount of tolls, which will directly affect the operating performance of highway companies.

Under the current situation, the impact of COVID-19 is still going on, and the international political and economic environment is more complex. The foundation for China's sustained economic recovery is not stable, and the uncertain factors have increased significantly. It is estimated that during the "14th Five-Year Plan" period, the national economy will shift from the stage of high-speed growth to the stage of high-quality development, the economic structure will be further optimized, the reform of the transportation industry and the increasing market competition, the construction cost will continue to push up, and the rigid constraints of resources, environment and other development factors will be strengthened, which may have adverse effects on the Company.

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2. *Risk of road network change*

As of the end of 2020, the total mileage of Anhui's highway network reached 236,000 kilometers, ranking 7th in the country. Among them, the total mileage of expressways is 4904 kilometers, and the density is 3.5 kilometers/100 square kilometers. The expressway network connecting provinces and cities is basically formed. The "county-county" expressway network will soon be realized.

According to the "14 Five-Year Plan for Transportation in Anhui Province", by 2025, a "five vertical and nine horizontal" expressway network will be basically completed, enabling expressways between counties and counties, and promoting expressways between counties and cities. The total mileage of expressways open to traffic will reach 6,800 kilometers. The highway density will reach 4.85 kilometers/100 square kilometers.

With the further perfected intensification of highway networks, parallel routes and alternative routes will continue to increase, and network diversion will have a negative impact on the growth of toll revenue of the Company. Anhui Province is in the first tier of provinces with the most high-speed rail mileage, coupled with the development of the integration of private cars and urban and rural passenger transportation, the diversion of road passenger transportation is serious; The adjustment of the macro-policy of "convert road freight to rail freight and water freight" for bulk cargoes will affect the growth rate of road freight volume to some extent. These factors will have an impact on the operating performance of the Group's toll road projects.

Countermeasures: In view of the market risk, the Company will continue to track and analyze the impact of the macroeconomic environment, national policies and the regional economy where the Company's road assets are located on the Company's business operation and formulate corresponding countermeasures; at the same time, the Company will strengthen communication with the government and major shareholders to keep abreast of road network planning, project construction progress and other information. We will conduct a special analysis of the road network in advance and reasonably predict the impact of related projects on the traffic flow of our existing projects. We will make full use of Anhui's area traffic advantages, improve road signs, expand routing publicity and promotion, change passivity into initiative, and actively use informationalization to carry out road section marketing.

(V) Other

Applicable Not applicable

IV. FAILURE OF THE COMPANY TO DISCLOSE ACCORDING TO REQUIREMENT DUE TO INAPPLICABLE STANDARDS, NATIONAL SECRETS, BUSINESS SECRETS OR OTHER SPECIAL REASONS

Applicable Not applicable

V. ACTIVE FULFILLMENT OF SOCIAL RESPONSIBILITY

The Company actively undertakes the corporate environmental, social and governance responsibilities, strictly abides by laws and regulations on operational practices, environmental protection, employment, etc., and guides and supervises the work of various fields through the Environmental, Social and Governance ("ESG") working group. During the reporting period, the Company did not have any environmental and social issues that have a significant impact on the Company's operations.

Section IV Report of the Board of Directors

In 2020, the Company relied on the ESG working group to coordinate various departments to carry out ESG work, conducted interviews with senior management and employees of various departments, reviewed, evaluated, summarized the Company's major issues, forming a matrix of major issues in 2020; in the meantime, the Company further sorted out and improved its internal regulations and annual management practices related to the ESG field.

During the reporting period, the Company continued to consolidate the management of road safety and smooth traffic flow, increased investment in road hidden dangers investigation, and strengthened the application level of road information equipment. In terms of environmental management, the Company continues to promote the management strategy of integrations of green maintenance, green operation and green office, effectively reducing the impact of energy consumption and resource use on the environment in road operation and daily office work, and accelerating the construction of the Company's green transportation system. At the same time, the Company continues to improve its service capability and connotation, and the "smile service" brand has won many honors in Anhui Province, and the Company's soft power has been further enhanced. On the basis of the implementation of road operations and services, the Company continues to promote targeted poverty alleviation, and carries out various projects such as industrial poverty alleviation, student aid and infrastructure construction, and completes the poverty alleviation goal of "both villages and households being relieved from poverty" on schedule. For details on maintaining and promoting the Company's good relationship with stakeholders and ESG management, please refer to the 2020 Environmental, Social and Governance Report of Anhui Expressway Company Limited published on the websites of SEHK and SSE ("Environmental, Social and Governance Report").

The Board confirmed that during the reporting period, the Company had complied with the applicable provisions contained in the Environmental, Social and Governance reporting guidelines in Appendix 27 to the Listing Rules of the Stock Exchange of Hong Kong. The Environmental, Social and Governance Report meets the disclosure requirements of the relevant guidelines and the reporting principles of importance, quantification, balance and consistency.

VI. NAMES OF THE DIRECTORS DURING THE REPORTING PERIOD

Names	Independent directors or not	Notes
Xiang Xiaolong	No	Appointed on 4 February 2020
Yang Xiaoguang	No	Appointed on 17 August 2020
Tang Jun	No	Appointed on 17 August 2020
Xie Xinyu	No	Appointed on 17 August 2020
Yang Xudong	No	Appointed on 17 August 2020
Du Jian	No	Appointed on 17 August 2020
Liu Hao	Yes	Appointed on 17 August 2020
Zhang Jianping	Yes	Appointed on 17 August 2020
Fang Fang	Yes	Appointed on 17 August 2020
Chen Dafeng	No	Retired on 17 August 2020
Xu Zhen	No	Retired on 17 August 2020
Kong Yat Fan	Yes	Retired on 17 August 2020
Jiang Jun	Yes	Retired on 17 August 2020

VII. FIXED ASSETS

Details of the change in the fixed assets of the Group during the year are set out in Note 7 to Section X "Independent Auditor's Report and Consolidated Financial Statements".

Section IV Report of the Board of Directors

VIII. CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

Save as disclosed in the part “XIV. Significant connected/related party transactions” in Section V “Major Events” of this Annual Report, the Company or its subsidiaries and the parent company of the Company or its subsidiaries has not entered into any contract of significance which subsisted during the reporting period or at the end of the reporting period.

IX. RESERVES

The figure and the details of any significant change in the reserves of the Company during the reporting period are set out in Note 40 to Section X “Independent Auditor’s Report and Consolidated Financial Statements”. The Company’s retained earnings as at 31 December 2020 calculated in accordance with HKFRS amounted to RMB8,234,793 thousand (2019: RMB7,546,568 thousand), and the Company’s undistributed profits as at 31 December 2020 calculated in accordance with the PRC Accounting Standards amounted to RMB8,679,054 thousand (2019: RMB7,990,369 thousand).

X. LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

During the reporting period, the Group obtained loans with a total amount of RMB405 million (RMB545 million in 2019) from banks, and by the end of the reporting period, the bank loan balance was RMB2.229 billion (RMB2.108 billion in 2019), of which 1.934 billion were long-term borrowings and 0.295 billion were short-term borrowings. (all of which was long-term loans in 2019).

At the end of the reporting period, RMB835 million (2019: RMB580 million) of bank loans were at a fixed interest rate at an annual interest rate range of 1.2% to 3.915% (2019:1.2%); The rest of the loan is at a floating rate with an annual interest rate range of 3.90% to 4.90% (2019:4.41% to 4.90%).

The currency composition of bank loans is detailed in the Independent Auditor’s Report and Note 21 to the Consolidated Financial Statements in Section X. The currency composition of cash and cash equivalents is detailed in the Independent Auditor’s Report and Note 16 to the Consolidated Financial Statements in Section X.

At the end of the reporting period, the Group had a number of long-term payables, of which the interest-bearing portion was charged at a floating rate ranging from 4.75% to 4.90% (2019:4.41% to 5.84%), as detailed in the Independent Auditor’s Report and Note 23 to the Consolidated Financial Statements in Section X. Such long-term payables have no specified repayment period.

As at 31 Dec 2020, the debt-to-capital ratio (net debt (total borrowings minus cash and cash equivalents) divided by total capital) was 6.67% (2019:6.17%) (according to HKAS).

The Group’s capital management policy is to ensure that the Group continues to operate and deliver returns to its shareholders and other stakeholders. The Group will adjust its capital structure and make necessary adjustments in response to changes in the external economic environment. In order to adjust the capital structure, the Group may reduce the debt ratio by issuing new shares or controlling capex if necessary.

The Group’s strategy for 2020 remained unchanged compared to 2019, with a sustained capital-to-debt ratio of less than 30% and a good credit rating.

Section IV Report of the Board of Directors

XI. CHARGE OF ASSETS AND CONTINGENT LIABILITIES

On December 31, 2020, bank borrowings in the amount of approximately RMB540 million, was secured by a pledge of the Group's toll revenue after the completion of the proposed Hening Expressway Reconstruction and Extension Project (2019: RMB580 million). The bank borrowings in the amount of approximately RMB870 million was secured by a pledge of the Group's share of toll revenue Liqiao to Xuancheng section of Ningxuanhang Expressway (Anhui section) (in 2019: RMB830 million). The bank loan of about RMB110 million is secured by the Group's share of the tolls from Xuancheng to Ningguo section of the Ningxuanhang Expressway (Anhui section).(2019: None)

The Group had no contingent liabilities as at 31 December 2020 (year 2019: none).

XII. MAJOR INVESTMENT, ACQUISITION AND DISPOSAL

The Company participated the investment consortium led by China Merchants Expressway to acquire 51% of the shares and shareholder loans of the Third Bridge and the Northern Motorway in Istanbul, Turkey and its operation and maintenance company. The Company would contribute US\$48,195 thousand and hold 7% of the shares of the Consortium Hong Kong SPV. For details, please refer to the Company's announcement dated 23 December 2019 and headed "Joint Announcement – Connected Transaction: Formation of Joint Venture".

As at the date of this annual report, the Company has not paid the contribution amount. The project is going through the filing or approval procedures and other related procedures of the Chinese and Turkish government departments, and has completed the filing at the National Development and Reform Commission and the National Department of Commerce.

XIII. RISKS OF CURRENCY AND INTEREST RATE

As the Group's revenue and expenses are mainly denominated in RMB, the Group does not expect its operating activities will lead to material currency risk. During the reporting period, the Group did not use any financial instrument for hedging purpose.

Details of the financial risks and management of such risks are disclosed in Note 3 to Section X "Independent Auditor's Report and Consolidated Financial Statements".

XIV. STAFF MEMBERS

Details of the Group's staff members (including the number, remuneration policy and details of training) are disclosed in Section VII "Directors, Supervisors, Senior Management and Staff" of this annual report.

XV. PRINCIPAL CUSTOMERS AND SUPPLIERS

During the reporting period, the five largest customers and five largest suppliers of the Group accounted for less than 30% of revenue and purchases of the Group respectively.

Section IV Report of the Board of Directors

XVI. LIABILITY INSURANCE FOR DIRECTORS, SUPERVISORS/PERMITTED INDEMNITY PROVISION

In accordance with the Listing Rules, since 2012, the Company has make proper insurance arrangement for the legal actions possibly faced by the Company's management staff by purchasing liability insurance annually for directors, supervisors and senior management of the Company. The Company's shareholders, at general meeting, had authorized the executive directors of the Company or the secretary of the Board of Directors to handle subsequent annual renewal of insurance on the basis that there is no significant adjustment of liability limits and premiums budget, etc.

XVII. ITEMS AFTER THE REPORTING PERIOD

Items after the reporting period have been disclosed in Section V "Major Events".

XVIII. THE PROFIT APPROPRIATION PLAN OR PLAN FOR CONVERSION TO SHARE CAPITAL FROM CAPITAL RESERVES

The profit appropriation plan or conversion to share capital from capital reserves plan has been disclosed in Section V "Major Events".

XIX. CHARITABLE DONATIONS

During the year ended 31 December 2020, the Group made charitable donations of approximately RMB5,050 thousand (2019: RMB245 thousand).

XX. DIRECTORS' AND SUPERVISORS' INTERESTS IN CONTRACTS AND ARRANGEMENT FOR PURCHASE OF SHARES OR DEBENTURES

Please refer to the disclosure in Section VII "Directors, Supervisors, Senior Management and Staff".

XXI. MANAGEMENT CONTRACTS

Save as disclosed in Section VII "Directors, Supervisors, Senior Management and Staff", no contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into by the Group or existed during the year.

I. ORDINARY SHARES PROFIT APPROPRIATION PLAN OR TRANSFERS OF SHARE CAPITAL FROM CAPITAL RESERVES PLAN

(I) The formulation, implementation and adjustment of the cash dividend and distribution policy

Since its listing, the Company has always insisted on providing returns to shareholders and has been continuously distributing cash dividends for 24 years. According to the relevant requirements of the regulatory agencies combined with the Company's actual situation, the Company has revised the Company's Articles of Association in August 2012. In the Company's Articles of Association, it has further perfected the Company's cash dividend policy and standardized the decision-making mechanism and procedures of the Company's profit distribution plans. The revised decision making procedures and systems for the profit distribution mainly include: when the Board makes the profit distribution plan, they should pay attention to the reasonable return for the investors and the sustainable development of the Company, and make a comprehensive analysis of the operation and development of the Company, the shareholders' desires, the cost of social capital, external financing environment and other factors. The Company's profit distribution plan should be drawn up by the Secretary to the Board of Directors and the financial officers, submitted to the Board of Directors for consideration after approval from more than two-thirds of the independent Directors has been obtained. The Board of Directors will proceed to the full discussion of the rationality of the profit distribution plan and then submit the plan to the general meeting for approval after a resolution is passed.

After the convening of the meeting of Board of Directors, the Company should use a variety of methods to actively communicate with minority shareholders and listen to their opinions. When the general meeting is held to consider the cash dividends distribution plan, they should reply to the concern of minority shareholders as soon as possible.

Where pursuant to the Company's own operating condition, the need of investments planning and long-term development, or because of the significant changes of the external operating environment, adjustment of the cash dividends distribution plan as set out in the Articles of Association is required, the adjusted profit distribution policies should be based on the protection of shareholders' equity, and must not violate the laws, regulations and regulatory requirements.

The reason why the profit distribution plan should be adjusted needs to be concretely illustrated and disclosed and the plan should be approved by more than two-thirds of the independent Directors, approved by the Board of Directors and then submitted to the general meeting for approval.

When the general meeting considers the adjustment of the profit distribution plan, the Company should provide the online voting platform, and resolutions should be approved by 2/3 of the voting rights held by shareholders who attend the general meeting.

In order to protect the rights of investors, according to requirements in Rules of the General Meetings of Listed Companies (Revised in 2016) and Guidance for the Articles of Listed Company (Revised in 2016), the priority of distributing dividends was further clarified in the Company's Articles of Association. Amendments to the Articles of Association have been considered and adopted at the 2017 annual general meeting.

The 2020 annual profit distribution plan (including cash dividend plan) formulated by the Company conforms to the relevant requirements of the Articles of Association. In the process of making the plan and decision-making, the independent Directors carefully studied and analyzed the related factors and published opinions independently, and the Company was also able to listen to the opinions of the independent Directors and shareholders through various channels, and paid attention to small and medium-sized investors' demands and their legitimate rights and interests.

The profit appropriation plan of the Company for 2019 has been executed in July 2020.

Section V Major Events

(II) The profit appropriation plan or transfers of share capital from capital reserves plan during the most recent three years (including the reporting period)

Unit: '000 Currency: RMB

Distributed year	Amount of bonus shares among every 10 shares	Dividends per ten shares (RMB) (including tax)	Amount of multiplied shares among every 10 shares	Amount of cash dividend (including tax)	Net profit attributable to shareholders of the Company in consolidated financial statements of the distributed years	The rate of the net profit attributable to shareholders of the Company in consolidated financial statements (%)
2020	0.00	2.30	0.00	381,480.30	918,480.42	41.53
2019	0.00	2.30	0.00	381,480.30	1,097,546.19	34.76
2018	0.00	2.50	0.00	414,652.50	1,123,042.23	36.92

(III) Condition of cash tender of stock repurchase included in the cash dividends

Applicable Not applicable

(IV) During the reporting period, earnings and profits of parent company available for distribution for ordinary shareholders remained positive, Company should disclose in detail about the reason of not proposing an ordinary share cash profit allocation plan, and disclose the purpose and plan in using the undistributed profits.

Applicable Not applicable

Section V Major Events

II. IMPLEMENTATION OF UNDERTAKINGS

(I) The commitments for actual controllers, shareholders, related person, purchasers, the Company and other related parties during the reporting period or subsisting until the reporting period.

Background of Commitment	Type of commitment	Commitment party	Content of commitment	Time and term of commitment	Whether there is time limit for performance	Whether strictly comply in a timely manner
Commitment related to the share reform	Other	Anhui Transportation Holding Group	Continue to support the Company's acquisition of the good road assets owned by the Anhui Expressway Holding Group in the future and focus on the protection of shareholders' interests as always.	13 February 2006, long term effective	No	Yes
	Other	Anhui Transportation Holding Group, China Merchants Highway	After the completion of the split-equity reforming, the Board of Directors are recommended to develop a long term incentive plan with equity incentive structure included. In accordance with the relevant provisions of the State, the Board of Directors or after approved at the General Meeting of Shareholders, the long-term incentive plan shall be implemented.	13 February 2006, long term effective	No	Yes
Commitment related to IPO	Solve the competition within the industry	Anhui Transportation Holding Group	Promise not to participate in any of the Company's actual businesses or other business activities from time to time which may constitute direct or indirect competition to the Company.	12 October 1996, long term effective	No	Yes

(II) Profit projections of company's assets or projects. If the time of this report is during the profit projecting time, the company will explain whether the current profits achieve the original projections.

Achieved Not achieved Not applicable

(III) Information on completion of profit guarantee and its effect on goodwill impairment test.

Applicable Not applicable

III. EXTRAORDINARY USE OF FUNDS AND PROGRESS ON SETTLEMENT DURING THE REPORTING PERIOD

Applicable Not applicable

IV. EXPLANATIONS FOR "NON-STANDARD AUDIT REPORT" ISSUED BY ACCOUNTANT

Applicable Not applicable

Section V Major Events

V. AN ANALYSIS AND EXPLANATION OF THE CAUSES AND EFFECTS OF CHANGES IN ACCOUNTING POLICIES, ACCOUNTING ESTIMATES OR CORRECTION OF MAJOR ACCOUNTING ERRORS

(I) An analysis and explanation of the causes and effects of changes in accounting policies, accounting estimates

Applicable Not applicable

(II) Analysis and Explanation for corrections of significant accounting errors

Applicable Not applicable

(III) Communication with previous accounting firm

Applicable Not applicable

(IV) Other explanations

Applicable Not applicable

VI. APPOINTMENT AND DISMISSAL OF ACCOUNTANTS

Now employed

The name of PRC Accountant	PricewaterhouseCoopers Zhong Tian LLP	
Compensation of PRC Accountant		RMB1,050,000
Term of audit of PRC Accountant		19 years
The name of Hong Kong Accountant	PricewaterhouseCoopers	
Compensation of Hong Kong Accountant		RMB700,000
Term of audit of Hong Kong Accountant		19 years

	Name	Compensation
Accountant for internal control and audit	PricewaterhouseCoopers Zhong Tian LLP	RMB350,000

Overview of Appointment and Dismissal of Accountants

The Audit Committee of the Company is responsible for reviewing the appointment, resignation and removal of the auditors as well as assessing their professional qualities for providing services, and submitting suggestions to the Board of Directors. Matters relating to the appointment and removal of auditors and the determination of audit fees should be submitted by the Board of Directors to the general meeting of shareholders for consideration and approval or authorization.

PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers were approved to be re-appointed as the PRC auditors and Hong Kong auditors for 2020 respectively at the 2019 Annual General Meeting of the Company. As at 2020, they have provided services to the Company for 19 years and PricewaterhouseCoopers Zhong Tian LLP changed the signing CPA in 2006, 2011, 2012, 2015, 2017 and 2018.

Explanation for change of auditing firm during audit

Applicable Not applicable

VII. EXPOSURE TO THE RISK OF SUSPENSION OF LISTING

(I) The cause for suspension of listing

Applicable Not applicable

(II) The solutions adopted by the Company

Applicable Not applicable

VIII. CONDITION AND CAUSE OF FACING TERMINATION OF LISTING

Applicable Not applicable

IX. BANKRUPTCY AND RESTRUCTURING RELATED MATTERS

Applicable Not applicable

X. SIGNIFICANT LITIGATIONS AND ARBITRATION EVENTS

The Company had significant litigations and arbitrations in the year

The Company did not have significant litigations and arbitrations in the year

XI. PUNISHMENT FOR LISTED COMPANIES, ITS DIRECTORS, SUPERVISORS, SENIOR EXECUTIVES, CONTROLLING SHAREHOLDERS, ACTUAL CONTROLLERS AND PURCHASERS

Applicable Not applicable

Section V Major Events

XII. EXPLANATION OF THE CREDIBILITY OF THE COMPANY AND ITS CONTROLLING SHAREHOLDER AND EFFECTIVE CONTROLLER DURING THE REPORT PERIOD

Applicable Not applicable

During the reporting period, the Company and its controlling shareholder and effective controller in good standing, there were no events such as unsatisfied judgements and unsatisfied debt of substantial amounts.

XIII. INFORMATION ON EQUITY-BASED INCENTIVES PLAN, EMPLOYEE SHARE OWNERSHIP PLAN OR OTHER EMPLOYEE INCENTIVES AND THEIR IMPACTS

(I) Relevant incentive items which has been disclosed any without further changes

Applicable Not applicable

(II) Incentives not disclosed in announcements or incentives that have subsequent updates

Equity incentive

Applicable Not applicable

Other description

Applicable Not applicable

The employee's share ownership plan

Applicable Not applicable

Other incentives

Applicable Not applicable

Section V Major Events

XIV. SIGNIFICANT CONNECTED/RELATED PARTY TRANSACTIONS

(I) Continuing connected transactions

The Group's related party transactions or continuing related party transactions for the year ended 31 December 2020 have been disclosed in Note 38 to the consolidated financial statements. Some of these related party transactions constituted continuing connected transactions as defined in Chapter 14A of the Listing Rules, the details of which are set out as follows.

Unit: '000 Currency: RMB

Date of agreement	Connected party	Connected relationship between connected party and the Company	Nature of interest of connected party in connected transaction	Content and purpose of connected transaction	Duration of agreement	Pricing principle of connected transaction	Actual Amount of connected transaction
January 8, 2018	Anhui Transportation Planning and Design Institute	Subsidiary of Substantial shareholder	service provider	To accept planning and design services	From January 1, 2018 to December 31, 2020	Tender price of tender agreement	2,765
March 29, 2018	Expressway Petrochemical	Subsidiary of Substantial shareholder	service recipient	To lease gas station of the Company	From April 1, 2018 to March 31, 2021	To recognize on a straight-line basis over the lease period	24,425
May 15, 2019	Expressway Construction	Subsidiary of Substantial shareholder	service provider	To accept project construction service	From May 15, 2019 solstice March 31, 2020	Tender price of tender agreement	2,296
December 31, 2019	Anhui Transportation Holding Group	Substantial shareholder	service recipient	To provide road sections entrustment management service	From January 1, 2020 to December 31, 2020	Determination through negotiation with reference to cost	69,844
December 31, 2019	Wang qian Company	Subsidiary of Substantial shareholder	service recipient	To provide road sections entrustment management service	From January 1, 2020 to December 31, 2020	Determination through negotiation with reference to cost	4,229
December 31, 2019	Anqing Company	Subsidiary of Substantial shareholder	service recipient	To provide road sections entrustment management service	From January 1, 2020 to December 31, 2020	Determination through negotiation with reference to cost	11,845
December 31, 2019	Anhui Transportation Holding Group (Note 1)	Substantial shareholder	service recipient	To provide road sections entrustment management service	From January 1, 2020 to December 31, 2020	Determination through negotiation with reference to cost	10,823
December 31, 2019	Liguang Company (Note 1)	Subsidiary of Substantial shareholder	service recipient	To provide road sections entrustment management service	From January 1, 2020 to December 31, 2020	Determination through negotiation with reference to cost	14,108

Section V Major Events

Date of agreement	Connected party	Connected relationship between connected party and the Company	Nature of interest of connected party in connected transaction	Content and purpose of connected transaction	Duration of agreement	Pricing principle of connected transaction	Actual Amount of connected transaction
December 31, 2019	Anhui Transportation Holding Group (Note 2)	Substantial shareholder	service recipient	To provide road sections entrustment management service	From January 1, 2020 to December 31, 2020	Determination through negotiation with reference to cost	8,134
December 31, 2019	Yangji company (Note 2)	Subsidiary of Substantial shareholder	service recipient	To provide road sections entrustment management service	From January 1, 2020 to December 31, 2020	Determination through negotiation with reference to cost	12,727
December 31, 2019	Anhui Expressway Network Operations	Subsidiary of Substantial shareholder	service provider	To accept toll collection service	From January 1, 2020 to December 31, 2020	Determination through negotiation with reference to cost	14,148
December 31, 2019	Yida Company	Subsidiary of Substantial shareholder	service recipient	To lease service areas	From January 1, 2020 to April 30, 2020	To recognize on a straight-line basis over the lease period	6,341
April 29, 2020	Huanyu Company	Subsidiary of Substantial shareholder	service provider	To accept project construction service	From April 29, 2020 to March 31, 2021	Tender price of tender agreement	3,544
July 15, 2020	Expressway Construction	Subsidiary of Substantial shareholder	service provider	To accept project construction service	From July 2020 to December 2020	Tender price of tender agreement	36,267
October 29, 2020	Expressway Construction	Subsidiary of Substantial shareholder	service provider	To accept project construction service	From November 2020 to October 2021	Determination through negotiation with reference to the project budget	87,936
December 08, 2020	Anhui Transportation Planning and Institute, Expressway Construction	Subsidiary of Substantial shareholder	service provider	To accept project construction service	From December 2020 to October 2021	Tender price of tender agreement	12,402
December 30, 2020	Anhui Expressway Network Operations	Subsidiary of Substantial shareholder	service provider	To accept service of upgrading and transformation of online toll management platform	From December 2020 to November 2021	Tender price of tender agreement	10,116

Section V Major Events

Note 1: The Group's contractor and service provider is Xuanguang Company.

Note 2: The Group's contractor and service provider is Ningxuanhang Company.

The independent non-executive directors of the Company have reviewed the above continuing connected transactions and confirmed that:

- (1) The continuing connected transactions were carried out in the normal and usual course of business of the Group;
- (2) The above continuing connected transactions were carried out on ordinary commercial terms (as compared with transactions of similar nature carried out by the similar entities in the PRC) and on terms that are fair and reasonable to the shareholders of the Company; and
- (3) The above continuing connected transactions were carried out in accordance with the agreements of such transactions.

The Company confirmed that the aforesaid continuing connected transactions were disclosed in accordance with the disclosure requirements under Chapter 14A of the Listing Rules.

In accordance with the Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the Hong Kong Institute of Certified Public Accountants, the Board has engaged the auditor of the Company to carry out works on the aforesaid continuing connected transactions. The auditor has issued the letter about the findings and conclusions on the continuing connected transactions for the Group in this section in accordance with Rule 14A.56 of the Listing Rules, and confirmed as follows:

- (1) Nothing has come to their attention that causes them to believe that the above continuing connected transactions were not approved by the Board of Directors;
- (2) If the transaction involves the provision of goods or services by the Group, nothing has come to their attention that causes them to believe that the above continuing connected transactions were not, in all material respects, conducted in accordance with the Group's pricing policies;
- (3) Nothing has come to their attention that causes them to believe that the above continuing connected transactions were not carried out, in all material respects, in accordance with the relevant agreements governing such transactions; and
- (4) Nothing has come to their attention that causes them to believe that the above continuing connected transactions have exceeded their respective annual caps as set by the Company.

A copy of the letter has been submitted to the SEHK.

Section V Major Events

(II) Matters not disclosed in the provisional announcement

Applicable Not applicable

(III) Related party transactions in assets or equity acquisition and offer for sale

1. Items which has been disclosed without further changes afterwards

Applicable Not applicable

2. Disclosed in provision notices with further developments

Applicable Not applicable

3. Items which has not been disclosed

Applicable Not applicable

4. For transactions involving an agreement of performance, performance during the reporting period shall be disclosed

Applicable Not applicable

(IV) Significant related party transactions on common external investment

1. Items which has been disclosed without further changes

Applicable Not applicable

2. Items which has been disclosed with further changes

Item overview

Index of the query

The Formation of the Joint Venture

23 December 2019 “Joint Announcement – Connected Transaction: Formation of Joint Venture”.

On 23 December 2019, the Company proposed to form a joint venture in Hong Kong (the “Consortium SPV”) through joint contribution together with China Merchants Expressway, CMU, Zhejiang Expressway, Jiangsu Expressway and Sichuan Expressway as consortium members. The consortium intended to acquire 51% of the equity and shareholder loan of Istanbul third bridge and northern ring highway in Turkey and its operation and maintenance company through the Consortium Hong Kong SPV and its wholly-owned subsidiary. The Company intended to invest US\$48.195 million and hold 7% of the shares of the Consortium Hong Kong SPV. The matter was considered and adopted at the 17th meeting of the eighth board of directors held on 20 December 2019. For details, please refer to the announcement of the Company dated 23 December 2019 and headed “Joint Announcement – Connected Transaction: Formation of Joint Venture”.

Section V Major Events

As China Merchants Expressway is a substantial shareholder for the Company, China Merchants Expressway is a connected person of the Company under Rule 14A.07 of the Listing Rules. In addition, as China Merchants Expressway is controlled by China Merchants Group Limited, which indirectly holds 50% of the shares in CMU, CMU is a connected person of the Company under Rule 14A.13 of the Listing Rules.

Regarding the proposed acquisition of overseas assets, application needs to be made to the National Development and Reform Commission and the National Department of Commerce for record- filing on overseas investment, and to the relevant bank for foreign exchange registration procedures; approval needs to be obtained from the Turkey Ministry of Transportation Highway Administration, consent needs to be obtained from the target company's current financing bank, and anti-monopoly review must be passed, etc. There is uncertainty as to whether or not the aforementioned procedures can be successfully passed; the international market environment is complex and changeable, and there are many uncertainties. There is a risk that the overseas asset purchase cannot achieve the expected economic effect.

As of the date of this annual report, the Company has not made any payment for the investment. The project is going through the filing or approval procedures and other related procedures of the Chinese and Turkish government departments. The project is going through the filing or approval procedures and other related procedures of the Chinese and Turkish government departments, and has completed the filing at the National Development and Reform Commission and the National Department of Commerce.

3. Items which has not been disclosed

Applicable Not applicable

(V) Related debtor and creditor account

1. Items which has been disclosed in announcements without further changes

Applicable Not applicable

Section V Major Events

2. Items which has been disclosed in announcements with further changes

Applicable Not applicable

3. Items which has not been disclosed in announcements

Unit: '000 Currency: RMB

Related parties	Connected relation	The Company invests to related parties			Related parties invest to the Company		
		Initial Balance	Amount incurred	Closing Balance	Initial Balance	Amount incurred	Closing Balance
ATHC	Controlling shareholder	0	0	0	358,420	85,108	443,528
Xuancheng Transportation	Other connected persons	0	0	0	222,248	-64,000	158,248
Total		0	0	0	580,668	21,108	601,776

The circumstances under which the related debt is formed

The total investment amount of ATHC and Xuancheng Transportation exceeded the registered capital of Ningxuanhang Company. The difference will be recorded as long-term payables and such an amount is unsecured and without fixed repayment date.

Impact of related debts and claims

(VI) Others

Applicable Not applicable

XV. MATERIAL CONTRACTS AND THEIR IMPLEMENTATION

(I) Entrusted management, subcontracting and leasing items

1. **Entrusted management**

Applicable Not applicable

2. **Subcontracting**

Applicable Not applicable

3. **Leasing**

Applicable Not applicable

(II) Guarantee

Unit: '00,000,000 Currency: RMB

Guarantees provided by the Company and its subsidiaries for its subsidiaries

Total amount of guarantees provided for the subsidiaries by the Company during the reporting period	-1.15
Total balance of guarantees provided for the subsidiaries as at the end of the reporting period	0.45

Total amount of guarantees provided by the Company (including guarantees provided for its subsidiaries)

Total guarantee amount	0.45
Total guarantee amount as a percentage of net asset value (%)	0.38
Including:	
Guarantee provided to shareholders and the actual controller	0.00
The amount of direct or indirect guarantee for guarantees with over 70% debt to asset ratio	0.00
The amount of guarantee that exceeds 50% of the net assets	0.00
Total above	0.00
Potential risk of unexpired guarantee	
Overview	

The Company provided a guarantee of RMB500 million for the Company's subsidiary Ningxuanhang Company, which was approved at the 18th meeting of the 5th Board, held on 18 August 2010. As of the end of the reporting period, balance of guarantees provided by the Company amounted to RMB45 million.

Section V Major Events

(III) Entrusted cash capital management

1. Entrusted Wealth Management

(1) Overall situation of Entrusted Wealth Management

Applicable Not applicable

Other cases

Applicable Not applicable

(2) Individual entrusted wealth management

Applicable Not applicable

Other cases

Applicable Not applicable

(3) Entrusted financial impairment preparation

Applicable Not applicable

2. Entrusted Loans overall situation

(1) General entrusted loans

Unit: '0,000 Currency: RMB

Type	Sources of funds	Amount incurred	Undue balance	Overdue unrecovered amount
Bank	Self-owned funds	121,416.23	121,416.23	0

Note: in order to meet the capital transactions compliance requirements among enterprise legal persons, the portion in the difference between the project capital and the capital investment into Ningxuanhang Company which should be borne by the Company are injected by the Company out of its internal fund by way of entrusted loans according to the annual investment plan. As of the end of the reporting period, the Company has invested RMB1.214 billion by way of entrusted loans.

Other cases

Applicable Not applicable

Section V Major Events

(2) Single Entrusted Loans

Unit: '0,000 Currency: RMB

Trustee	Type of entrusted loans	Amount of entrusted loans	Beginning date of entrusted loans	Termination date of entrusted wealth management	Source of funds	Investment of funds	Method to determine return	Annualized rate of return	Expected return (if any)	Real income or loss	Real recovery	Through a legal procedure or not
Everbright Bank Hefei Daoxianglou Branch	Bank	1,000	18 July 2013	14 July 2023	Self-owned funds	Ningxuanhang Company	Collect interest quarterly and return principal at maturity	5.8425%	58.43	58.43	Undue	Yes
Everbright Bank Hefei Daoxianglou Branch	Bank	5,000	22 July 2013	14 July 2023	Self-owned funds	Ningxuanhang Company	Collect interest quarterly and return principal at maturity	5.8425%	292.13	292.13	Undue	Yes
Everbright Bank Hefei Daoxianglou Branch	Bank	2,500	19 August 2013	14 July 2023	Self-owned funds	Ningxuanhang Company	Collect interest quarterly and return principal at maturity	5.8425%	146.06	146.06	Undue	Yes
Everbright Bank Hefei Daoxianglou Branch	Bank	1,600	7 March 2014	14 July 2023	Self-owned funds	Ningxuanhang Company	Collect interest quarterly and return principal at maturity	5.8425%	93.48	93.48	Undue	Yes
Everbright Bank Hefei Daoxianglou Branch	Bank	782	19 March 2014	14 July 2023	Self-owned funds	Ningxuanhang Company	Collect interest quarterly and return principal at maturity	5.8425%	45.69	45.69	Undue	Yes
Everbright Bank Hefei Daoxianglou Branch	Bank	2,267	21 April 2014	14 July 2023	Self-owned funds	Ningxuanhang Company	Collect interest quarterly and return principal at maturity	5.8425%	132.45	132.45	Undue	Yes
Everbright Bank Hefei Daoxianglou Branch	Bank	4,114	16 May 2014	14 July 2023	Self-owned funds	Ningxuanhang Company	Collect interest quarterly and return principal at maturity	5.8425%	240.36	240.36	Undue	Yes
Everbright Bank Hefei Daoxianglou Branch	Bank	4,500	7 July 2014	14 July 2023	Self-owned funds	Ningxuanhang Company	Collect interest quarterly and return principal at maturity	5.8425%	262.91	262.91	Undue	Yes
Everbright Bank Hefei Daoxianglou Branch	Bank	1,875	7 July 2014	14 July 2023	Self-owned funds	Ningxuanhang Company	Collect interest quarterly and return principal at maturity	5.8425%	109.55	109.55	Undue	Yes
Everbright Bank Hefei Daoxianglou Branch	Bank	3,366	4 September 2014	29 August 2024	Self-owned funds	Ningxuanhang Company	Collect interest quarterly and return principal at maturity	6.15%	207.01	207.01	Undue	Yes
Everbright Bank Hefei Daoxianglou Branch	Bank	2,589.23	13 January 2015	29 August 2024	Self-owned funds	Ningxuanhang Company	Collect interest quarterly and return principal at maturity	6.15%	159.24	159.24	Undue	Yes
Everbright Bank Hefei Daoxianglou Branch	Bank	1,887	16 April 2015	29 August 2024	Self-owned funds	Ningxuanhang Company	Collect interest quarterly and return principal at maturity	6.15%	116.05	116.05	Undue	Yes
Everbright Bank Hefei Daoxianglou Branch	Bank	2,300	23 April 2015	29 August 2024	Self-owned funds	Ningxuanhang Company	Collect interest quarterly and return principal at maturity	6.15%	141.45	141.45	Undue	Yes
Everbright Bank Hefei Daoxianglou Branch	Bank	199	23 April 2015	29 August 2024	Self-owned funds	Ningxuanhang Company	Collect interest quarterly and return principal at maturity	6.15%	12.24	12.24	Undue	Yes
Everbright Bank Hefei Daoxianglou Branch	Bank	3,570	14 May 2015	29 August 2024	Self-owned funds	Ningxuanhang Company	Collect interest quarterly and return principal at maturity	5.65%	201.71	201.71	Undue	Yes
Everbright Bank Hefei Daoxianglou Branch	Bank	4,768.5	25 June 2015	29 August 2024	Self-owned funds	Ningxuanhang Company	Collect interest quarterly and return principal at maturity	5.65%	269.42	269.42	Undue	Yes
Everbright Bank Hefei Daoxianglou Branch	Bank	5,533.5	26 August 2015	29 August 2024	Self-owned funds	Ningxuanhang Company	Collect interest quarterly and return principal at maturity	5.40%	298.81	298.81	Undue	Yes
Everbright Bank Hefei Daoxianglou Branch	Bank	3,315	24 September 2015	24 September 2025	Self-owned funds	Ningxuanhang Company	Collect interest quarterly and return principal at maturity	5.15%	170.72	170.72	Undue	Yes
Everbright Bank Hefei Daoxianglou Branch	Bank	4,743	6 November 2015	24 September 2025	Self-owned funds	Ningxuanhang Company	Collect interest quarterly and return principal at maturity	4.90%	232.41	232.41	Undue	Yes

Section V Major Events

Trustee	Type of entrusted loans	Amount of entrusted loans	Beginning date of entrusted loans	Termination date of entrusted wealth management	Source of funds	Investment of funds	Method to determine return	Annualized rate of return	Expected return (if any)	Real income or loss	Real recovery	Through a legal procedure or not
Everbright Bank Hefei Daoxianglou Branch	Bank	5,253	16 December 2015	24 September 2025	Self-owned funds	Ningxuanhang Company	Collect interest quarterly and return principal at maturity	4.90%	257.40	257.40	Undue	Yes
Everbright Bank Hefei Daoxianglou Branch	Bank	5,661	24 December 2015	24 September 2025	Self-owned funds	Ningxuanhang Company	Collect interest quarterly and return principal at maturity	4.90%	277.39	277.39	Undue	Yes
Everbright Bank Hefei Daoxianglou Branch	Bank	1,009	25 January 2016	24 September 2025	Self-owned funds	Ningxuanhang Company	Collect interest quarterly and return principal at maturity	4.90%	49.44	49.44	Undue	Yes
Everbright Bank Hefei Daoxianglou Branch	Bank	3,825	14 June 2016	14 June 2026	Self-owned funds	Ningxuanhang Company	Collect interest quarterly and return principal at maturity	4.41%	168.68	168.68	Undue	Yes
Everbright Bank Hefei Daoxianglou Branch	Bank	1,428	24 August 2016	14 June 2026	Self-owned funds	Ningxuanhang Company	Collect interest quarterly and return principal at maturity	4.41%	62.97	62.97	Undue	Yes
Everbright Bank Hefei Daoxianglou Branch	Bank	3,213	18 September 2016	14 June 2026	Self-owned funds	Ningxuanhang Company	Collect interest quarterly and return principal at maturity	4.41%	141.69	141.69	Undue	Yes
Everbright Bank Hefei Daoxianglou Branch	Bank	1,989	17 November 2016	14 June 2026	Self-owned funds	Ningxuanhang Company	Collect interest quarterly and return principal at maturity	4.41%	87.71	87.71	Undue	Yes
Everbright Bank Hefei Daoxianglou Branch	Bank	3,009	20 December 2016	14 June 2026	Self-owned funds	Ningxuanhang Company	Collect interest quarterly and return principal at maturity	4.41%	132.70	132.70	Undue	Yes
Everbright Bank Hefei Daoxianglou Branch	Bank	368	9 February 2017	14 June 2026	Self-owned funds	Ningxuanhang Company	Collect interest quarterly and return principal at maturity	4.41%	16.23	16.23	Undue	Yes
Everbright Bank Hefei Daoxianglou Branch	Bank	6,069	13 April 2017	14 June 2026	Self-owned funds	Ningxuanhang Company	Collect interest quarterly and return principal at maturity	4.41%	267.64	267.64	Undue	Yes
Everbright Bank Hefei Daoxianglou Branch	Bank	1,683	9 May 2017	14 June 2026	Self-owned funds	Ningxuanhang Company	Collect interest quarterly and return principal at maturity	4.41%	74.22	74.22	Undue	Yes
Everbright Bank Hefei Daoxianglou Branch	Bank	6,477	31 August 2017	31 August 2027	Self-owned funds	Ningxuanhang Company	Collect interest quarterly and return principal at maturity	4.90%	317.37	317.37	Undue	Yes
Everbright Bank Hefei Daoxianglou Branch	Bank	4,029	15 September 2017	31 August 2027	Self-owned funds	Ningxuanhang Company	Collect interest quarterly and return principal at maturity	4.90%	197.42	197.42	Undue	Yes
Everbright Bank Hefei Daoxianglou Branch	Bank	3,927	11 October 2017	31 August 2027	Self-owned funds	Ningxuanhang Company	Collect interest quarterly and return principal at maturity	4.90%	192.42	192.42	Undue	Yes
Everbright Bank Hefei Daoxianglou Branch	Bank	4,437	9 November 2017	31 August 2027	Self-owned funds	Ningxuanhang Company	Collect interest quarterly and return principal at maturity	4.90%	217.41	217.41	Undue	Yes
Everbright Bank Hefei Daoxianglou Branch	Bank	3,130	19 December 2017	31 August 2027	Self-owned funds	Ningxuanhang Company	Collect interest quarterly and return principal at maturity	4.90%	153.37	153.37	Undue	Yes
China Merchants Bank Hefei Sipailou Branch	Bank	5,000	12 December 2018	11 December 2028	Self-owned funds	Ningxuanhang Company	Collect interest quarterly and return principal at maturity	4.90%	13.61	13.61	Undue	Yes
China Merchants Bank Hefei Sipailou Branch	Bank	5,000	13 December 2018	11 December 2028	Self-owned funds	Ningxuanhang Company	Collect interest quarterly and return principal at maturity	4.90%	12.93	12.93	Undue	Yes

Section V Major Events

Other cases

Applicable Not applicable

(3) *Entrusted loan impairment provision*

Applicable Not applicable

3. Other cases

Applicable Not applicable

(IV) Other major contracts

Applicable Not applicable

Section V Major Events

XVI. EXPLANATION OF OTHER MAJOR ISSUES

Adjustment to Calculation Method and Standard of Toll Payment

According to the Anhui Development and Reform Commission and the Finance Department of Anhui Province jointly issued “Notice on the matters related to tolls for vehicles on toll roads in our province” (Wan Jiao Lu [2020] No. 162), Anhui’s tolls will run for one year on a trial basis until the end of 2020. With the consent of the provincial government, the new standard will be formally implemented on January 1, 2021; The period of 15% discount for freight vehicles holding Anhui Transport Card is tentatively extended for 3 years, namely from January 1, 2021 to December 31, 2023. For details, please refer to the “Announcement on Standard of Toll Charges” (Lin 2020-033) published by the Company.

Preferential Policy of 5% Discount for All ETC Users

According to the requirements of the Notice on Implementing Preferential Policy for Tolls of ETC Vehicles on Toll Roads issued by the Transport Department of Anhui Province and the Anhui Development and Reform Commission, with effect from 1 July 2019, vehicles using electronic payment cards of other provinces for toll payment on toll roads in Anhui Province will be entitled to 5% discount on toll payment under the preferential policy.

Application for Approval of Toll Collection Period of Hening Expressway

The expansion of Hening Expressway has been completed and opened to traffic at the end of 2019. On 1 April 2020, the Company has received the “Official Reply for the Operation of the Reconstruction and Expansion of the Expressway Anhui Section from Hefei to Nanjing” (Wan Zheng Mi [2020] No.62) issued by the People’s Government of Anhui Province, which agreed that the toll collection period for the Reconstruction and Expansion of Hening Expressway Anhui Section be tentatively fixed at five years from the expiry date of toll collection period of Hening Expressway Anhui Section. The formal period for toll collection shall be determined according to assessment and relevant provisions. For details, please refer to the “Announcement in relation to the operation of the Reconstruction and Expansion of the Expressway Anhui Section from Hefei to Nanjing” (Lin 2020-010) published by the Company.

Toll-Free Policy During Chinese New Year Holidays and Containment of Novel Coronavirus Disease

During the Chinese New Year holidays of 2020, toll-free policy for small passenger vehicles continued to be implemented. Due to the needs for containment of the COVID-19 disease, the toll-free period for small passenger vehicles was extended until 8 February for a total of 16 days.

On 15 February 2020, according to the requirements of the “Notice on Exemption of Toll Payment for Vehicles Using Toll Roads During the Containment Period of Novel Coronavirus Disease” (Jiao Gong Lu Ming Fa [2020] No. 62) issued by the Ministry of Transport, with effect from 00:00 midnight on 17 February 2020 until 00:00 midnight on 6 May 2020, a toll-free policy was implemented for all vehicles using toll highways according to the laws. The government will study and promulgate related supporting policies separately to coordinate and protect the legitimate interests of the users, creditors, investors and operators of the toll highways. As of the date of this annual report, the related supporting policies have not been issued. The Group will actively communicate with the transportation authorities to minimize the negative impacts of the epidemic.

XVII. THE FULFILLMENT OF THE SOCIAL RESPONSIBILITY

(I) Poverty alleviation work situation of the listed company

1. Precise planning for poverty alleviation

The Company actively responds to the call for national poverty alleviation and rural revitalization, closely followed the poverty alleviation deployment of the Party Central Committee, the provincial Party committee and the provincial government, and provided targeted support to the state-level poverty-stricken village Lishu Village in Liufan Township, Taihu County, Anqing City, Anhui Province. In 2017, the Company set up a village task force in Lishu Village to organize and carry out projects such as industry poverty alleviation, education poverty alleviation and hardship subsidy, so as to establish a long-term poverty alleviation mechanism of “resource provision + resource creation”, leaving Lishu Village with a “task force that can’t be taken away”. Through years of perseverance, the Company has helped Lishu Village to achieve the target of lifting the village out of the poverty list and reducing the number of poverty-stricken households to zero, showing its corporate responsibility in serving the works of the Party and the State.

2. Summary of precision poverty alleviation during the year

- (1) The year 2020 is the final year of building a well-off society in an all-round way and decisive poverty alleviation and the Thirteenth Five-Year Plan, the team of the Company’s Gaojie Management Office continued to stick to the two-hand strategy of party building and development, and actively overcome the adverse effects of COVID-19 and summer floods. It helped sell more than 2 million yuan of agricultural products, and the village collective economic income reached more than 520,000 yuan. During the period of fighting the epidemic and flood, the working team immediately provided guidance in the village, donated anti-epidemic materials, distributed more than 200,000 yuan of subsidies for hardship and employment, and donated 200,000 yuan for disaster relief. Grassroots organizations, the collective economy, and the dual-base construction were further improved, and achieved the target of zero poverty-stricken population in the whole village, and the goal of poverty alleviation was successfully accomplished.

Section V Major Events

- (2) The headquarter of the Company actively participate in the consumption of poverty alleviation, do a good job of agricultural products sales. In March 2020, according to the requirements of the State-owned Assets Supervision and Administration Commission of Anhui Province on Actively Promoting and Purchasing Unsalable Agricultural Products in Poverty-stricken Areas, the Company purchased 358 items of agricultural products such as reed chicken and golden silk chrysanthemum from Lishu Village. In May, according to the requirements under the “Notice from the Anhui Provincial Leadership Group for Partner Assistance to Xinjiang and Tibet on Publishing the Plan for Anhui’s Assistance with the Sale of Specialty Agricultural and Livestock Products from Pishan County, Hotan Region in Xinjiang to Win the Poverty Alleviation Campaign” issued by the Anhui Province State-owned Assets Supervision and Administration Commission, labor union to buy red jujube, walnut, etc. A total of 946 kg. Two total purchases of agricultural products of RMB61,270.
- (3) The management offices of the Company have pored their brains together to help farmers cope with the difficulty in the sale of agricultural products under the epidemic. In the first half of 2020, the Hefei Administration Office purchased rice from Taihu County, which was severely affected by the epidemic. In August, the Anhui Provincial Trade Union carried out anti-epidemic consumption and poverty alleviation assistance campaign, the Hefei Administration Office purchased 573 gift boxes for poverty alleviation from Jinzhai County, a total of RMB136,062 in two purchases. In April, the Chuzhou Administration Office purchased agricultural products from four poverty-stricken areas such as Dashi Township and Puxi Town of Anqing City. In September, in the activity of “Fighting the Epidemic and Alleviating Poverty by Consuming and Promoting Poverty Alteration” of Anhui Federation of Trade Unions, the Chuzhou Administration Office purchased agricultural products from a poverty-stricken area in Dingyuan County of Chuzhou City, with a total of RMB278,812 in two purchases. Xiao County Management Office actively participated in the consumption of poverty alleviation action through the “buy to help”, a total of five farmers in the cooperative procurement of poverty alleviation agricultural products, a total of RMB161,000; Tianchang Management Office invested a total of RMB166,800 in the consumption of poverty alleviation funds; Ningguo Management Office actively purchased unsalable agricultural products from Jixi County, Taihu County and Jinzhai County in three poor areas, with a total value of RMB15,766.
- (4) The management office and holding subsidiaries of the Company also actively helped the poor families and left-behind children in pairs. In the first half of 2020, the Jinzhai Road Toll Station of Hefei Administration Office formed a pair to help the left-behind children in difficulties and visited 2 people, with a total of RMB1,000 as condolence money; Xiao County Administration Office took the branch as the unit to carry out the activities of condolence to left-behind children, and sent books, milk, stationery and other materials to left-behind children, totaling 3,000 RMB. The Party branch and Youth League branch under the administration of Tianchang Management Office carried out activities to help students and visit poor families and left-behind children, and donated a total of RMB2,320; The company partnered to help Xilifeng Village, Maolin Town, Jing County, raising RMB50,000 for local infrastructure construction, and partnered to help the poor elderly with RMB1,200 in total.

Section V Major Events

3. Effect of targeted poverty alleviation

Unit: '0,000 Currency: RMB

Items	Quantity and development
Overall Situation	
Among: 1. Funds	407.30
2. Material	8.42
3. Number of recorded poverty population lifted out of poverty (person)	1,098
Input by category	
1. Industrial development poverty alleviation	
Among: 1.1 Industry poverty alleviation project type	<input checked="" type="checkbox"/> Agricultural and forestry industries poverty alleviation <input type="checkbox"/> Tourism poverty alleviation <input checked="" type="checkbox"/> Electric commerce poverty alleviation <input type="checkbox"/> Asset income poverty alleviation <input type="checkbox"/> Technology Poverty Alleviation <input checked="" type="checkbox"/> Other
1.2 Number of industrial poverty alleviation project	14
1.3 Investment amount of industrial poverty alleviation project	311.97
1.4 Number of recorded poverty population lifted out of poverty (person)	445
2. transfer employment poverty alleviation	
Among: 2.1 Investment amount of vocational skills training	5.00
2.2 Number of vocational skills	350
2.3 Number of recorded poverty population achieving employment (person)	287
3. Relocation poverty alleviation	
4. Poverty alleviation through education	
Among: 4.1 investment amount of subsidizing poor students	29.10
4.2 number of poor students funded (person)	188

Section V Major Events

Items	Quantity and development
5. Health poverty alleviation	
6. Ecological protection and poverty alleviation	
Among: 6.1 project name	<input type="checkbox"/> Carry out ecological protection and construction <input type="checkbox"/> Establish ecological protection compensation methods <input checked="" type="checkbox"/> Establish ecological public welfare posts <input type="checkbox"/> Other
6.2 input amount	11.00
7. Guarantee	
Among: 7.1 investment amount to help “three left-behind” personnel	8.46
7.2 number of “three left-behind” persons helped (person)	80
7.3 amount invested in helping poor disabled people	7.18
7.4 number of people with poverty and disability helped	33
8. Social poverty alleviation	
9. Other projects	
Among: 9.1. Number of projects	5
9.2. Investment amount	43.01
9.3. Number of recorded poverty population lifted out of poverty	238
9.4. Descriptions of other project	Party building poverty alleviation project, flood relief project, poor households damaged house repair project, beautiful village construction, condolence orphanage

Awards (Content, Level)

Please refer to the Environmental, Social and Governance Report for details.

4. Plans of Subsequent Precision Poverty Alleviation

The follow-up plan of Gaojie Management Office for the targeted poverty alleviation work in Lishu Village:

- (1) Continue to deepen the use of Party building to lead poverty alleviation, and create a task force that cannot be carried away. Strengthen the construction of grassroots Communist Party organization, increase the guidance of non-public industry branch party building work, cultivate and support a group of party members to become experts in wealth creation, enhance the ability of Party building to lead the development, to create a “landscape of Lishu, red Party flag” brand.
- (2) Constantly consolidate the achievements of poverty alleviation, strengthen the tracking and observation of those who have been lifted out of poverty, adhere to the principle of “lifting up the people who have been lifted out of poverty and sending them on a journey”, maintain the stability of major assistance measures, and accurately implement such assistance measures as assistance in difficulties and employment guidance, so as to ensure that poverty is steadily lifted out of poverty and that no one will return to poverty.
- (3) Improve the industrial chain and make the poverty alleviation industry better and stronger. Focus on planning the operation of agricultural processing plants after putting into operation, further improve the industrial chain, expand the scale of the leading industry. We will give full play to the role of village collective cooperatives as platforms and service providers, coordinate services such as the sale of agricultural products, the popularization and training of agricultural technologies, information and financing, and promote the high-quality and healthy development of the collective economy and various industries.
- (4) promote the seamless connection between poverty alleviation works and rural revitalization, on the basis of the consolidated poverty alleviation result, assist Lishu Village to perfect the development plan for the "Fourteenth Five-year Plan" period, gradually increase the support for the construction of infrastructure and basic public services, strengthen the support of rural cultural undertakings, promoting the relocation of Lishu Elementary School, construction of demonstration project of beautiful village at provincial level, to lay a solid foundation for rural revitalization.

Section V Major Events

(II) Social responsibility work

On the basis of steadily promoting targeted poverty alleviation, the company actively participated in COVID-19 epidemic prevention and control work. The board of directors of the Company has decided to donate RMB5 million to the emergency headquarters of epidemic prevention and control in Anhui Province and other cities through the Red Cross Society of Anhui Province, to support the prevention and control of the epidemic of novel coronavirus infection. This donation has been approved at the 2019 annual general meeting of the Company.

During the pandemic, the Company strictly implemented the toll road free policy during the pandemic prevention and control period, set up a special working group, actively implemented the working mechanism of “four-party joint control”, guaranteed the quick passage of emergency vehicles with “no stopping, no inspection, no fees, and priority access”, and set up 199 pandemic inspection points at toll stations and 202 pandemic inspection points in service areas to quickly arrange vehicle registration, personnel inspection, site disinfection and other work. In 2020, the Company served 36,900 emergency vehicles for pandemic prevention, with zero suspected and zero confirmed cases. On 24 October 2020, the Ministry of Transport awarded Anhui Expressway the title of “Advanced Collective in the Fight Against COVID-19 of National Transportation System”.

Please refer to the Environmental, Social and Governance Report disclosed on the SEHK website for details.

(III) Environmental Information

1. **Explanation on the environmental protection of listed companies and their subsidiaries which are engaged in heavy pollution industries as specified by the national environmental protection authorities**

Applicable Not applicable

2. **Explanation on companies which are not key pollutant discharge entities**

The Company implemented in-depth the Ministry of Transport's "13th Five-Year Development Plan for Transportation Energy Conservation and Environmental Protection", integrated the green development concept into the Company's various aspects and process such as maintenance, service, office work and so on, put effort in improving the quality of ecological environment protection in transportation, and gave full play to the main role of the highway enterprises, to promote the construction of green transportation system.

1. The Company constantly enhanced the level of green maintenance, in the strict implementation of the Environmental Protection Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste, the Environmental Protection Regulations on the Administration of the Construction Projects, the Measures for the Administrative Penalties and the relevant local laws and regulations and industry regulations, the Company actively explored new models of environmental protection and continued to deepen the application level of green conservation technology. In 2020, the Company implemented the safety protection project of water source protection zone of Hefei Ring Expressway, and 100% recycling of section wastes was realized in expressways under the Company's jurisdiction such as Hening Expressway and Lianhuo Expressway. The research project of "Integration Technology of Expressway Deicing and Snow Melting" carried out by the Company won the second prize of Traffic Science and Technology Progress of the Eighth Anhui Provincial Highway Institute.
2. The Company actively practiced the concept of green operation, committed itself to optimizing the level of green service and strengthening the construction of green office culture. According to the deployment of the national transportation plan, the company constructed an ETC toll mode with high quality, and at the same time orderly eliminated a number of outdated and energy-consuming operation equipment to reduce the carbon emission level of road operation. The Company summarized and refined the four modes to handle noise problems, effectively reduced the noise interference of road operation to the surrounding communities; the Company also vigorously promoted the construction of green office units, and integrated water and electricity saving measures into the daily work. In 2020, the Company was awarded the Provincial Public Institution Water-saving Civilized Unit.

Section V Major Events

3. Explanation on companies other than key polluters do not disclose environmental information

Applicable Not applicable

4. Explanation on the follow-up progress or changes of environmental information contents shall be disclosed during the reporting period.

Applicable Not applicable

(IV) Other explanations

Applicable Not applicable

XVIII. CONVERTIBLE BONDS

(I) Debt issuance

Applicable Not applicable

(II) Bond holders and the guarantors during the reporting period

Applicable Not applicable

(III) The change of Convertible Bonds during the reporting period

Applicable Not applicable

The cumulative transfer shares of Convertible Bonds during the reporting period

Applicable Not applicable

Section V Major Events

(IV) All previous adjustments of the price of transfer shares

Applicable Not applicable

(V) The liability situation, the change of the credit and arrangements of annual repayment of cash in the coming year of the Company

Applicable Not applicable

(VI) Other description of Convertible Bonds

Applicable Not applicable

XIX. PRE-EMPTIVE RIGHTS

Neither the Company's articles of association nor the PRC laws require the Company to offer preemptive rights to its existing shareholders for subscription of new shares according to the proportion of their shareholdings.

XX. TAX CONCESSION

Shareholders of the Company are taxed in accordance with the following tax regulations and the amendments thereof from time to time. They may enjoy tax relief according to the actual situation. Shareholders should seek professional advice from their tax and legal advisors in relation to payment of tax.

Holders of A shares:

Pursuant to Notice on Differentiated Individual Income Tax Policy for Stock Dividends of Listed Companies (《關於上市公司股息紅利差別化個人所得稅政策有關問題的通知》) (CaiShui [2015] No. 101), for shares of listed companies obtained by individuals from public offerings or the market on a provisional basis, where the holding period exceeds one year, the dividends shall be exempted from individual income tax; where the holding period is less than one month (inclusive), the dividends shall be counted as taxable income in the full amount; where the holding period is more than one month and less than one year (inclusive), 50% of the dividends shall be counted as taxable income on a provisional basis. The individual income tax rate of 20% shall be applicable for all incomes mentioned above.

Pursuant to Notice on Withholding and Paying Enterprise Income Tax Matters Concerning PRC Domestic Enterprise Paying Dividends, Bonuses and Interests to QFII (《關於中國居民企業向QFII支付股息、紅利、利息代扣代繳企業所得稅有關問題的通知》) (GuoShui Han [2009] No. 47), for qualified foreign institutional investors, the Company shall withhold and pay enterprise income tax at a tax rate of 10%. If the relevant shareholders consider their dividends enjoy tax treaty (arrangement) benefits, such shareholders may apply for tax refund on their own to the competent tax authorities in accordance with the provisions after obtaining dividends.

Section V Major Events

Holders of H shares:

Pursuant to Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法》) and its implementation rules implemented in 2008, any PRC domestic enterprise which pays dividends to a non-resident enterprise shareholder shall withhold and pay enterprise income tax at tax rate of 10%. Pursuant to Notice on Matters Concerning the Levy and Administration of Individual Income Tax after the Repeal of GuoShuiFa [1993] No. 045 (《關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》) (GuoShuiHan [2011] No. 348) and the letter of SEHK titled "Tax Arrangements on Dividends Paid to Hong Kong Residents by Mainland Companies" dated 4 July 2011, when the domestic non-foreign investment companies which are listed in Hong Kong distribute dividends to their shareholders, the individual shareholders in general will be subject to a withholding tax rate of 10%, unless otherwise specified by the tax regulations and relevant tax agreements.

Under the current practice of relevant tax authorities, no tax is payable in Hong Kong in respect of dividends paid by the Company.

Investors of Shanghai-Hong Kong Stock Connect Program:

For tax matters on individual investors in the PRC investing in H shares listed on SEHK and the investors in Hong Kong investing in A shares listed on the SSE under Shanghai-Hong Kong Stock Connect Program, please refer to Notice on Tax Policy Concerning the Pilot Inter-connected Mechanism for Trading on the Stock Markets of Shanghai and Hong Kong (《關於滬港股票市場交易互通機制試點有關稅收政策的通知》) (CaiShui [2014] No. 81) jointly issued by the Ministry of Finance, State Administration of Taxation and China Securities Regulatory Commission.

Section VI Change of Ordinary Shares and Shareholders

I. CHANGE OF ORDINARY SHARE CAPITAL

(I) Change of ordinary shares

1. Change of ordinary shares

During the reporting period, the total number of ordinary shares and capital structure of the Company's ordinary shares was not changed.

The Company has issued 1,658,610,000 shares of common stock, of which 1,165,600,000 A shares are listed on the SSE accounting for about 70.28% of the Company's total shares and 493,010,000 H shares are listed on the SEHK accounting for about 29.72% of the total share capital.

2. Explanation of Change of ordinary share capital

Applicable Not applicable

3. The Effect on of the Financial Indicators like Earnings Per Share and Net Assets Per Share in recent year from Change of ordinary share capital (If any)

Applicable Not applicable

4. Other Disclosures that the Company deems necessarily or required by the Securities Regulatory Authority.

Applicable Not applicable

(II) Change of restricted shares

Applicable Not applicable

II. ISSUE OF SHARES AND LISTING

(I) Issue of securities during the reporting period

Applicable Not applicable

Information of Issue of securities during the reporting period (Please explain separately the bonds of different rates within the duration):

Applicable Not applicable

Section VI Change of Ordinary Shares and Shareholders

(II) Changes in the number of ordinary shares of the Company, shareholder structure and corporate assets and liability structure of the Company

Applicable Not applicable

(III) Existing Internal Employees' Shares

Applicable Not applicable

III. SHAREHOLDERS AND EFFECTIVE CONTROLLER

(I) Number of shareholders

The total number of shareholders of ordinary shares as at the end of the reporting period 25,376
 The total number of shareholders of ordinary shares at the end of the month before the date of the publication of the annual report 25,492

(II) Shareholdings of ten largest shareholders and ten largest tradable shareholders (or unrestricted shareholders) as at the end of the reporting period

Unit: shares

Name of shareholders	Change during the reporting period	The ten largest shareholders			Shares pledged or locked up State	Nature of shareholders
		Total shareholding as at the end of the year	Shareholding percentage	Number of restricted shares		
Anhui Transportation Holding Group Company Limited	0	524,644,220	31.63	0	Nil	State-owned shares
HKSCC NOMINEES LIMITED	-1,056,000	487,899,899	29.42	0	Not known	Overseas legal person
China Merchants Highway Network Technology Holding Company Limited	0	404,191,501	24.37	0	Nil	State-owned shares
Hong Kong Securities Clearing Co. Ltd	5,752,271	24,819,181	1.5	0	Nil	Overseas legal person
Guolian Securities Co., Ltd	13,899,971	13,899,971	0.84	0	Nil	State-owned shares
Ding Xiuling	0	5,411,435	0.33	0	Nil	Domestic natural person
Agricultural Bank of China Limited – Invesco Great Wall CSI 300 Index Enhanced Securities Investment Fund	3,405,301	3,405,301	0.21	0	Nil	Others
Ding Guangzhong	1,586,500	2,526,025	0.15	0	Nil	Domestic natural person
Wu Mingzhen	2,037,201	2,037,201	0.12	0	Nil	Domestic natural person
Li Min	1,059,800	2,000,000	0.12	0	Nil	Domestic natural person

Section VI Change of Ordinary Shares and Shareholders

The ten largest unrestricted shareholders

Name of shareholders	Number of unrestricted circulating shares	Type and Number of shares	
		Type	Number
Anhui Transportation Holding Group Company Limited	524,644,220	Renminbi-denominated ordinary shares	524,644,220
HKSCC NOMINEES LIMITED	487,899,899	Overseas listed foreign shares	487,899,899
China Merchants Highway Network Technology Holding Company Limited	404,191,501	Renminbi-denominated ordinary shares	404,191,501
Hong Kong Securities Clearing Co. Ltd	24,819,181	Renminbi-denominated ordinary shares	24,819,181
Guolian Securities Co., Ltd	13,899,971	Renminbi-denominated ordinary shares	13,899,971
Ding Xiuling	5,411,435	Renminbi-denominated ordinary shares	5,411,435
Agricultural Bank of China Limited – Invesco Great Wall CSI 300 Index Enhanced Securities Investment Fund	3,405,301	Renminbi-denominated ordinary shares	3,405,301
Ding Guangzhong	2,526,025	Renminbi-denominated ordinary shares	2,526,025
Wu Mingzhen	2,037,201	Renminbi-denominated ordinary shares	2,037,201
Li Min	2,000,000	Renminbi-denominated ordinary shares	2,000,000

Explanations of connected relationship between the above-mentioned shareholders or acting in concert

There is no connected relationship between the State owned Shareholders and the legal person Shareholders in the above chart. The Company does not know if there is connected relationship amongst other shareholders, or whether they belong to the persons acting in concert under the Measures for the Administration of Disclosures of Shareholder Equity Changes of Listed Companies (《上市公司股東持股變動信息披露管理辦法》).

- Note:
1. The total number of shareholders of A shares were 25,308 and H shares were 68 as at the end of the reporting period.
 2. The total number of shareholders of A shares were 25,424 and H shares were 68 at the end of the month before the date of the publication of the annual report.
 3. H shares held by HKSCC NOMINEES LIMITED represent the holding of many clients.

Shareholdings and restrictions of top ten restricted shareholders

Applicable Not applicable

(III) Strategic investors or ordinary legal person who became top ten shareholders due to issuance of new shares

Applicable Not applicable

Section VI Change of Ordinary Shares and Shareholders

(IV) Persons who have interests or short positions disclosable under Divisions 2 and 3 of Part XV of the SFO

As at 31 December 2020, so far is known to, or can be ascertained after reasonable enquiry by the Directors, the persons (other than Directors, Supervisors and chief executives of the Company) who, directly or indirectly, were interested or had short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the SEHK under the provisions of section 336 of Part XV of the SFO are as follows:

Name of shareholder	Capacity	Number of shares	Type of shares	% of H shares	Pledged or locked-up
China Merchants Highway Network Technology Holding Company Limited	Interests in controlled	92,396,000(L)	H shares	18.74%	Pledged
HSBC Holdings plc	Interests in controlled corporation	98,525,221(L)	H shares	19.98%	Unknown
		99,825,933(S)		20.25%	

Note: The letter “L” denotes a long position in the share capital, the letter “S” denotes a short position in the share capital

Name of shareholder	Capacity	Number of shares	Type of shares	% of A shares	Pledged or locked-up
Anhui Transportation Holding Group Company Limited	Beneficial owner	524,644,220	A shares	45.01%	No
China Merchants Highway Network Technology Holding Company Limited	Beneficial owner	404,191,501	A shares	34.68%	No

Note: Save as disclosed in this annual report, as at 31 December 2020, according to the register required to be stored under the provisions of section 336 of Part XV of the SFO, the Company has not received any notice that the persons were interested or had short position in the shares or underlying shares of the Company on 31 December 2020.

Section VI Change of Ordinary Shares and Shareholders

IV. INFORMATION OF THE CONTROLLING SHAREHOLDER AND THE EFFECTIVE CONTROLLER OF THE COMPANY

(I) The controlling shareholder of the Company

1. Legal person

Name	Anhui Transportation Holding Group Company Limited
Legal representative	Xiang Xiaolong
Date of establishment	27 April 1993
Business scope	Building, supervision, testing, design, construction, technical consultation and service of highway and related infrastructure; investment and asset management; real estate development and operation; road transportation; logistics services; expressway service area operation and management, such as tolling, maintenance, road property rights protection; advertising production and publication.
Shareholding and control of other domestic and foreign listed companies during the reporting period	As of the end of the reporting period, Anhui Transportation Holding Group holds 518,935,600 shares of Huishang Bank, representing 4.26% of its total shares; it holds 157,880,000 shares of Anhui Transport Planning and Design Institute directly and indirectly, representing 48.63% of its total shares; it holds 135,128,300 shares of Huaan Securities Co indirectly, representing 3.73% of its total shares; it holds 5,999,300 shares of Guotai Junan Securities Co indirectly, representing 0.07% of its total shares;
Other information	Nil

2. Natural person

Applicable Not applicable

3. Specific explanation in the case of the Company having no controlling shareholder

Applicable Not applicable

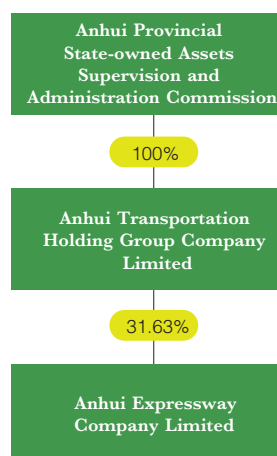
4. Index and date of the Controlling Shareholder's change during the reporting period

Applicable Not applicable

Section VI Change of Ordinary Shares and Shareholders

5. Block diagram on ownership and controlling relationships between the Company and the controlling shareholder

The controlling shareholder of the Company – Anhui Transportation Holding Group Company Limited is a state-owned company and is under the control of Anhui Provincial State-owned Assets Supervision and Administration Commission.



(II) Information of the effective controller of the Company

1. Legal representative

Name	Anhui Provincial State-owned Assets Supervision and Administration Commission
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Legal representative
Date of establishment
Major business scope
Control and Shareholding of other domestic and Overseas listed companies during the reporting period
Other information

2. Natural person

Applicable Not applicable

3. Specific explanation in the case of the Company having no effective controller

Applicable Not applicable

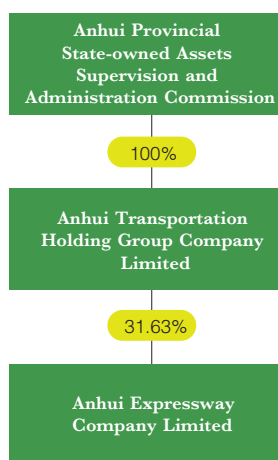
Section VI Change of Ordinary Shares and Shareholders

4. **Index and date of the effective controller's change during the reporting period**

Applicable Not applicable

5. **Block diagram on ownership and controlling relationships between the Company and the effective controller**

The controlling shareholder of the Company – Anhui Transportation Holding Group Company Limited is a state-owned company and is under the control of Anhui Provincial State-owned Assets Supervision and Administration Commission.



6. **The effective controller controls the Company through trust or other asset management approaches.**

Applicable Not applicable

(III) Other information regarding the controlling shareholder and the effective controller

Applicable Not applicable

Section VI Change of Ordinary Shares and Shareholders

V. OTHER LEGAL PERSON SHAREHOLDERS WHO HOLD MORE THAN 10% OF THE SHARE CAPITAL

Name	Legal representative	Date of establishment	Organization code	Registered capital	Major business scope and management activities, etc.
China Merchants Highway Limited Network Technology Holding Company	Wang Xiufeng	1993.12.18	91110000101717000C	RMB6,178 million	General operation projects: investment, development, construction and operation management of roads, bridges, wharves, harbors and sea lanes; investment management; development and research of new technologies, new products and new materials for transportation infrastructure facilities and sales of products; sales of building materials, mechanical and electrical equipment, automobiles (other than sedans) and fittings, metal and daily necessities; economic information consultation and talent training

Note:

On 25 December 2017, shares issued by the China Merchants Highway Network Technology Holding Company Limited were listed on Shenzhen Stock Exchange (Stock Abbreviations: China Merchants Highway, Stock code: 001965).

VI. EXPLANATION ON RESTRICTION ON REDUCTION OF SHAREHOLDING

Applicable Not applicable

VII. PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the reporting period, the Group had not purchased, sold or redeemed any listed securities of the Company.

VIII. SUFFICIENCY OF PUBLIC FLOAT

Based on the publicly available information as at the last practicable date prior to the printing of this report known to the Directors, the Board believed that the public float of the Company was in compliance with the requirements on the sufficiency of public float under the Listing Rules.

Section VII Directors, Supervisors, Senior Management and Staff

I. CHANGES IN SHAREHOLDINGS AND REMUNERATION

(I) Changes in shareholdings and remuneration of existing directors, supervisors and senior management and those leaving offices during the reporting period

Name	Position	Sex	Age	The start date of term of office	The expiration date of term of office	Total remuneration (before tax) from the Company during the reporting Period (RMB'0,000)	Whether or not obtained remuneration from any related party of the Company
Xiang Xiaolong	Chairman	Male	57	2020-08-17	2023-08-16	0	Yes
Yang Xiaoguang	Deputy Chairman	Male	58	2020-08-17	2023-08-16	0	Yes
Tang Jun	Director	Male	51	2020-08-17	2023-08-16	10.2	No
	General Manager			2020-06-17	2023-08-16		
Xie Xinyu	Director Deputy General Manager	Male	54	2014-08-17	2020-08-16	53.25	No
	Director Executive Deputy General Manager			2020-08-17	2023-08-16		
Yang Xudong	Director	Male	48	2020-08-17	2023-08-16	0	Yes
Du Jian	Director	Male	50	2020-08-17	2023-08-16	0	Yes
Liu Hao	Independent Director	Male	43	2020-08-17	2023-08-16	8	No
Zhang Jianping	Independent Director	Male	53	2020-08-17	2023-08-16	3	No
Fang Fang	Independent Director	Female	47	2020-08-17	2023-08-16	4.5	No
Xu Zhen	Supervisory Committee chairman	Male	57	2020-08-17	2023-08-16	42.13	Yes
	Director			2016-05-20	2020-08-16		No
	General Manager			2015-03-27	2020-06-17		
Chen Jiping	Supervisor	Male	50	2020-08-17	2023-08-16	53.25	No
	Deputy General Manager			2016-08-19	2020-06-17		
Jiang Yue	Supervisor	Male	39	2016-05-20	2020-08-16	0	Yes
Li Huimin	Deputy General Manager	Male	57	2015-12-16	2023-08-16	53.25	No
Deng Ping	Deputy General Manager	Female	51	2020-06-24	2023-08-16	10.2	No
Dong Huihui	Secretary to the Board	Female	53	2017-03-24	2023-08-16	48.23	No
Huang Yu	Chief Financial Officer	Male	45	2021-01-22	2022-01-21	0	No
Chen Dafeng	Director	Male	58	2014-08-17	2020-08-16	0	Yes
Kong Yat Fan	Independent Director	Male	49	2014-08-17	2020-08-16	7.5	No
Jiang Jun	Independent Director	Male	48	2016-10-14	2020-08-16	5	No
Chen Yuping	Supervisory Board Chairman	Female	58	2017-08-17	2020-08-16	0	Yes
Dai Hui	Supervisor	Male	61	2017-03-23	2020-08-16	51.55	No
Total	/	/	/	/	/	350.06	/

During the reporting period, none of the Directors, Supervisors and senior management held, purchased or sold the securities of the Company.

Section VII Directors, Supervisors, Senior Management and Staff

Name	Major work experiences
Xiang Xiaolong	<p>He was born in 1964, had obtained an academic qualification equivalent to the Master of Business Administration from Anhui Institute of Business Administration. He previously acted as the secretary and deputy director of Anhui Provincial Supply and Marketing Cooperative Office, the deputy general manager of Anhui Provincial Agricultural Resources Company, the director of Anhui Provincial Supply and Marketing Cooperative Office, an assistant of the mayor of the Municipal Government, the director of the Municipal Development and Reform Commission, and the secretary of the Municipal Government and the director of the Municipal Administrative Services Center in Anqing, the deputy mayor of the Anqing Municipal Government, a member of the Standing Committee and the deputy mayor of the Anqing Municipal Party Committee, the deputy director and a member of the Party Committee of the State-owned Assets Supervision and Administration Commission of the Anhui Provincial Government, the deputy director and the deputy secretary of the Party Committee (Director Level) of the State-owned Assets Supervision and Administration Commission of the Anhui Provincial Government. Currently he is the secretary of the Party Committee and the chairman of the board of directors of Anhui Transportation Holding Group Company Limited. Since 4 February 2020, he has taken the post of chairman of the Board of the Company.</p>
Yang Xiaoguang	<p>He was born in 1963, holds a Bachelor of Engineering degree and is a senior engineer. He successively served as the chief officer of technology division of the Department of Communications of Anhui Province, head of small automobile repair and assembly plant in Hefei, Anhui Province, director, deputy general manager and Party Committee member of Anhui Transportation Investment Group Company Limited. He is currently a Party Committee member and deputy general manager of Anhui Transportation Holding Group Company Limited. Since 17 August 2020, he has taken the post of Deputy Chairman of the Board of the Company.</p>
Tang Jun	<p>He was born in 1970, holds a Master of Engineering degree and is a senior engineer. He served as officer of the road maintenance section of Anhui Provincial Expressway Construction Headquarter, deputy head of the engineering department of the Anhui Provincial Construction Headquarter of Yanxuan Expressway, deputy head of the engineering department of the Major Tasks Office of Anhui Provincial Expressway Construction Headquarter, deputy head of the Anhui Provincial Construction Headquarter of Yanxuan Expressway, deputy head of the management office of Yanxuan Expressway, deputy head of operation management department and head of maintenance management department in Anhui Transport Investment Group. From March 2015 to June 2020, Mr. Tang served as the head of tender management department in Anhui Transportation Holding Group Company Limited. He has been the general manager of the Company since June 2020. Since 17 August 2020, he has been appointed as a Director and General Manager of the Company. He is concurrently the Chairman of Anhui Ningxuanhang Expressway Investment Company Limited and the Executive Director of Anhui Expressway Network Operations Company Limited.</p>

Section VII Directors, Supervisors, Senior Management and Staff

Name	Major work experiences
Xie Xinyu	He was born in 1967. He is a holder of an engineering master's degree, and a fellow of the Hong Kong Institute of Chartered Secretaries and the Chartered Governance Institute. He was the deputy general manager and secretary to the Board of the Company between 1996 and 1999; a Director, deputy general manager and secretary to the Board of the Company between 1999 and 2002; and has been the deputy general manager and secretary to the Board of the Company since August 2002. Since 17 August 2014, he has been appointed as a Director, deputy general manager and secretary of the Company. He is concurrently a director of Anhui Xin'an Financial Group Company Limited, Anhui Xin'an Capital Operating Management Group Company Limited, Anhui Expressway (H.K.) Limited and the chairman of Anhui Transportation Holding Group (H.K.) Limited. Since 17 August 2020, he has taken the post of Executive Deputy Manager of the Company.
Yang Xudong	He was born in 1973, is a doctoral candidate and a senior engineer. He has previously held the positions as a project manager of domestic project department of China Merchants Holdings (International) Company Limited and as a general manager assistant and general manager of investment development department of China Merchants Highway Network Technology Holding Company Limited. He is currently the deputy general manager of China Merchants Highway Network Technology Holding Company Limited, and is concurrently the chairman of China Merchants Railway Co., Ltd. and a director of Guangxi Wuzhou Transportation Company Limited. Since 17 August 2017, he has been appointed as Director of the Company.
Du Jian	He was born in 1971, is a PhD fellow and a senior engineer. He was the chief executive of Zhongjia Beijing Trading Jiatai Consulting Company Limited, the associate general manager of China Highway Engineering Consulting Supervisory Head Office's Lujie Company. He was also a director of Shandong Hi-speed Company Limited and the general manager of the strategic development department of China Merchants Highway Network Technology Holding Company Limited. He is currently the chairman of China Merchants New Intelligence Technology Company Limited* (招商新智能科技有限公司) and the chairman of China Merchants Huaruan Information Company Limited* (招商華軟信息有限公司). Since 20 May 2016, he has been appointed as a Director of the Company.
Liu Hao	He was born in 1978, holds a PhD degree in accountancy. He is now a professor and doctoral supervisor of Accounting College of Shanghai University of Finance and Economics, a member of the first cohort of enterprises accounting standards advisory committee of the Ministry of Finance of the PRC, the National Phase III Leading Accounting Talent (Academic Class) of the Ministry of Finance of the PRC, and has concurrently acted as an independent director of Shanghai Shenneng Company Limited and Shanghai Xuerong Bio-Technology Company Limited. Since 17 August 2017, he has been appointed as an independent Director of the Company.

Section VII Directors, Supervisors, Senior Management and Staff

Name	Major work experiences
Zhang Jianping	He was born in 1968, holds a Master of Law degree. He served as the chief officer of Anhui Provincial Supply and Marketing Cooperative Office, partner of Hefei Jun'an Law Firm (合肥君安律師事務所)* and partner of Anhui Shiji Tianyuan Law Firm* (安徽世紀天元律師事務所). He has been the chief lawyer of Anhui Zhuotai Law Firm* (安徽卓泰律師事務所) since May 2007. Since 17 August 2020, he has been appointed as an independent Director of the Company.
Fang Fang	She was born in 1974, holds a Master of Business Administration degree. She served as a managing director of Tybourn Capital Management Limited and a partner and fund manager of Summitview Capital Management Limited. She has been a partner and fund manager of Tairen Capital Limited since June 2018. Since 17 August 2020, she has been appointed as an independent Director of the Company.
Xu Zhen	Mr. Xu Zhen, born in 1964, is a holder of a postgraduate degree and a senior engineer. He successively served as the deputy manager and manager of the central control room and the deputy director of Anhui Expressway Authority Feidong Management Office, the Party's Branch Committee member, deputy director, Party's Branch secretary general and director of Anhui Expressway Holding Corporation Hefei Management Office, director, director of personnel department, and assistant general manager of Anhui Expressway Holding Group Company Limited. From March 2015 to May 2016, he served as the general manager of the Company. From May 2016 to June 2020, he served as a Director and the general manager of the Company, and concurrently serving as the chairman of Anhui Ningxuanhang Expressway Investment Company Limited. Since June 2020 until 16 August 2020, he served as a Director of the Company. Since 17 August 2020, he has taken the post of chairman of the Supervisory Committee of the Company.
Chen Jiping	He was born in 1971, is a university graduate, holds a Master of Business Administration degree and is a senior engineer. He served as the human resources deputy director, office manager and director of operations management of Anhui Transport Investment Group Company Limited, and the deputy general manager of Anhui Transport Operations Management Company Limited. From August 2016 to June 2020, he has been a deputy general manager of the Company. He is currently a deputy secretary of the Party Committee of the Company. Since 17 August 2020, he has taken the post of the employee representative Supervisor of the Company.

Section VII Directors, Supervisors, Senior Management and Staff

Name	Major work experiences
Jiang Yue	<p>He was born in 1982, is a holder of a master's degree in management, a registered accountant in China (non-practicing), a Chartered Financial Analyst (USA) and a Financial Risk Manager (USA). Since July 2009, Mr. Jiang has been working in China Merchants Highway Network Technology Holding Company Limited, and he previously worked as the project manager of the equity management division 1 and the corporate management department, also acting as a supervisor of the supervisory committee of Henan Zhongyuan Expressway Company Limited, Heilongjiang Transportation Development Company Limited, Shandong Hispeed Company Limited and North China Expressway Company Limited. He is currently an assistant to the general manager of the capital operation department and concurrently serves as the supervisor of Jilin Expressway Company Limited. Since 20 May 2016, he has been appointed as a supervisor of the Company.</p>
Li Huimin	<p>He was born in 1964, and is a holder of part-time postgraduate diploma and an economist. He served as the deputy officer of the Wuzhuang toll office at Quanjiao Management Office of Anhui Expressway Holding Corporation, deputy general manager and deputy general managing director of Xuanguang Expressway Company Limited, director and party's branch secretary general of Mawu Highway Management Office and Maanshan Management Office. Since 16 December 2015, he has been appointed as a deputy general manager of the Company. He is concurrently a director of Anhui Expressway Media Limited and Anhui Ningxuanhang Expressway Investment Company Limited.</p>
Deng Ping	<p>She was born in 1970, has tertiary education qualification and is an engineer. She served as deputy head and the head of the road maintenance section of Hefei management office, and deputy head of Hefei management office, of Anhui Expressway Holding Corporation, deputy head of toll management department of Anhui Expressway Holding Group Company Limited, and deputy head of toll management department of Anhui Transportation Operations Management Company Limited (expressway operation division). From August 2016 to June 2020, she served as the deputy head of operation management department in Anhui Transportation Holding Group Company Limited. Since 24 June 2020, she has been appointed as a deputy manager of the Company. She is concurrently the Director of Anhui Ningxuanhang Expressway Investment Company Limited</p>

Section VII Directors, Supervisors, Senior Management and Staff

Name	Major work experiences
Dong Huihui	<p>She was born in 1968, holds a bachelor degree in economics from Zhejiang University and is a senior economist. She served as the deputy chief financial planning officer of the operation division and the chief development and planning officer of the corporate planning division of Anhui Expressway Holding Corporation, the deputy director of the corporate planning division, the deputy minister of the investment and development division and the manager of the asset center of Anhui Expressway Holding Group Company Limited, and the deputy minister of the investment and development division of Anhui Transportation Holding Group Company Limited. She has been the director of the Board Secretariat and the director of the securities department of the Company since September 2017. Since 24 March 2017, she has been appointed as the the secretary to the Board of the Company.</p>
Huang Yu	<p>He was born in 1976, holds a bachelor's degree. He is a certified public accountant in China, a public accountant in Australia, a financial accountant in the United Kingdom, and a certified management accountant in the United States. He started to work in August 1998, served as the audit manager of PricewaterhouseCoopers Beijing Zhang Chen Accounting Firm* (普華永道北京張陳會計事務所), chief financial officer of Beijing Jiangsheng Real Estate Investment and Development Co., Ltd.* (北京江盛房地產投資開發有限公司), chief financial officer of ARC Education Investment Co., Ltd* (瑞寰教育投資有限公司), assistant president, vice president and general manager of finance department of Jiangsu Fang Yang Group Co., Ltd.* (江蘇方洋集團有限公司), and chief financial officer of Jiangsu New Century Jiangnan Environmental Protection Co., Ltd.* (江蘇新世紀江南環保股份有限公司) Since 22 January 2021, he has been appointed as the Chief Financial Officer of the Company.</p>
Chen Dafeng	<p>He was born in 1963, is a holder of a Doctor of Engineering degree and a senior engineer. He was previously the deputy chief engineer, deputy head, and head of the Mechanical and Electrical Installation Division of China Coal No. 3 Construction Corporation; vice manager of China Coal No. 3 Construction Corporation; the manager, the vice chairman of the board of directors, the general manager and deputy secretary of the Party Committee of China Coal No. 3 Construction (Group) Corporation Ltd.; the vice chairman of the board of directors, the vice general manager and a member of the Party Committee of Anhui Petroleum Chemical Group Co., Ltd. (during this period he acted as the deputy mayor of the People's Government of Suzhou City); the deputy general manager of Anhui Expressway Holding Group Company Limited. He is currently the deputy general manager of Anhui Transportation Holding Group Company Limited. He served as a Director of the Company from 17 August 2014 to 16 August 2020.</p>

Section VII Directors, Supervisors, Senior Management and Staff

Name	Major work experiences
Kong Yat Fan	<p>He was born in 1972, is a permanent resident in Hong Kong. Mr. Kong holds a master's degree in business administration (MBA). He worked at the credit review department of the Hong Kong Branch of the Bank of Communications as the credit approval officer between 2004 and 2007. From 2007 to 2015, he worked at Pudong Development Bank Shenzhen Branch as a member of the loan approval committee, head of the small-to-medium loan team, responsible person of the financial service center for small-sized enterprises, where he was in charge of credit approval. He is currently the deputy general manager of the industrial and commercial banking department of the Hong Kong Branch of Industrial Bank. He served as an independent Director of the Company from 17 August 2014 to 16 August 2020.</p>
Jiang Jun	<p>He was born in 1973, is a PhD candidate and an associate professor in accounting and a senior visiting scholar of Duke's Fuqua School in USA. Mr. Jiang was once a lecturer, associate professor and duty professor of the teaching and research centre of Beijing National Accounting Institute, the chairman of research institute of industrial finance and operations and a member of the academic committee at the Beijing National Accounting Institute. He is also an independent director of Beijing Easpring Material technology Co, Limited, CECEP Wind-power Corporation Co, Limited, Jinyi Co, Limited and AVIC Securities Co, Limited. He served as an independent Director of the Company from 14 October 2016 to 16 August 2020.</p>
Chen Yuping	<p>She was born in 1963. She obtained a bachelor's degree and a juris master's degree. She is a senior judge of level four and a level two legal advisor of state-owned enterprises. She served as a clerk, secretary of the political department, deputy director of the research office, judge and the director of the personnel office of the Anhui Province Higher People's Court, the personnel director of Human Resources Department (Party Committee) of China Pudong Executive Leadership Academy, the general counsel of Anhui Transportation Investment Group Company Limited and the general counsel of Anhui Transportation Holding Group Company Limited. Since May 2018, she has been appointed as the deputy secretary of the Party Committee and a director of Anhui Transportation Holding Group. She served as the chairman of the Supervisory Committee of the Company from 17 August 2017 to 16 August 2020.</p>

Section VII Directors, Supervisors, Senior Management and Staff

Name	Major work experiences
Dai Hui	He was born in 1960, is a political officer. He graduated from the Central Party School of the Communist Party of China, majoring in management of Party politics. He served as the chief officer of the human resources division and the deputy director of the monitoring department of Anhui Expressway Holding Corporation, and the secretary of party general branch and director of the Gaojie Management Office of the Company. He also served as a Party committee member, the secretary of the disciplinary committee and the chairman of the labour union of the Company. He served as the employee representative supervisor of the Company from 23 March 2017 to 16 August 2020.

Other Information

Applicable Not applicable

(II) Share incentive awarded to directors, supervisors and senior management during the reporting period

Applicable Not applicable

Section VII Directors, Supervisors, Senior Management and Staff

II. POSITIONS OF EXISTING DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT AND THOSE LEAVING OFFICES DURING THE REPORTING PERIOD

1. Positions held in shareholders entities

Name	Name of shareholder entity	Position held in shareholder entity	The start date of term of office	The expiration date of term of office
Xiang Xiaolong	Anhui Transportation Holding Group Company Limited	Secretary of the Party Committee, Chairman	2019.10	
Yang Xiaoguang	Anhui Transportation Holding Group Company Limited	Deputy General Manager and Party Committee Member	2014.12	
Yang Xudong	China Merchants Highway Network Technology Holding Company Limited	Deputy General Manager	2017.12	
Du Jian	China Merchants New Intelligence Technology Company Limited	Chairman	2017.7	
	China Merchants Huaruan Information Company Limited	Chairman	2019.1	
Xu Zhen	Anhui Transportation Holding Group Company Limited	Chief Economist	2020.8	
Jiang Yue	China Merchants Highway Network Technology Holding Company Limited	Assistant to the general manager of the capital operation department	2019.7	
Chen Dafeng	Anhui Transportation Group Holding Group Company Limited	Deputy General Manager	2014.12	
		Deputy General Manager and Party Committee Member	2020.10	
Chen Yuping	Anhui Transportation Group Holding Group Company Limited	Deputy secretary of the Party Committee and Director Supervisor	2018.5	2020.4
			2020.4	
Explanation on positions held in shareholders entities				

Section VII Directors, Supervisors, Senior Management and Staff

2. Positions held in other entities

Name	Name of other entity	Position held in other entity	The start date of term of office	The expiration date of term of office
Tang Jun	Anhui Ningxuanhang Expressway Investment Company Limited	Chairman	2020.9	
	Anhui Expressway Network Operations	Executive Director	2020.10	
Xie Xinyu	Anhui Xin'an Financial Group Company Limited	Director	2011.7	
	Anhui Xin'an Capital Operation Company Limited	Director	2015.6	
	Anhui Transportation Holding Group (H.K.) Company Limited	Chairman	2013.9	
Yang Xudong	Anhui Expressway (H.K.) Limited	Director	2013.9	
	Guangxi Wuzhou Transportation Company Limited	Director	2014.6	
	China Merchants Railway Holding Co., Ltd	Director	2019.12	
Liu Hao	Shanghai University of Finance and Economics	Chairman	2020.7	
		Doctoral supervisor and professor of Accounting College	2014.7	
		Independent director	2016.5	
	Shanghai Shenneng Company Limited	Independent director	2017.8	
Zhang Jianping	Shanghai Xuerong Bio-Technology Company Limited	Independent director	2019.5	
	Shanghai Zhaomin New Material Technology Co., Ltd	Independent director	2007.5	
	Anhui Zhuotai Law Firm	Chief Lawyer	2018.6	
Fang Fang	Tairen Capital Limited	Partner and Fund Manager		
Xu Zhen	Anhui Ningxuanhang Expressway Investment Company Limited	Chairman	2017.11	2020.9
Chen Jiping	Anhui Ningxuanhang Expressway Investment Company Limited	Director	2017.11	2020.9
Jiang Yue	Jilin Expressway Company Limited	Supervisor	2016.4	
Li Huimin	Anhui Expressway Media Limited	Director	2017.8	
	Anhui Ningxuanhang Expressway Investment Company Limited	Director	2020.9	
Deng Ping	Anhui Ningxuanhang Expressway Investment Company Limited	Director	2020.9	
Dong Huihui	Anhui Ningxuanhang Expressway Investment Company Limited	The secretary to the Board	2017.11	2020.9

Section VII Directors, Supervisors, Senior Management and Staff

Name	Name of other entity	Position held in other entity	The start date of term of office	The expiration date of term of office
Kong Yat Fan	Industrial Bank Hong Kong Branch	Deputy General Manager of the Commercial Banking Department	2016.1	
Jiang Jun	Beijing National Accounting Institute	Chair of the finance department and operation of finance and industry research institute	2012.3	2020.10
	Beijing Easpring Material technology Co, Limited	Independent director	2017.6	
	CECEP Wind-power Corporation Co, Limited	Independent director	2017.7	
	Jinyi Co, Limited	Independent director	2018.10	
	AVIC Securities Co, Limited	Independent director	2020.6	

Explanation on positions held in other entities

III. REMUNERATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Determination procedure for remuneration of Directors, Supervisors and senior management	After the respective consideration of the Board of Directors and the Supervisory Committee, it will be submitted to shareholders at a general meeting for approval.
Determination basis of remuneration of Directors, Supervisors and senior management	Determined according to China's relevant policies or requirements and taking into account the market rates and the practical condition of the Company, including the Company's performance, the duties of the Directors, Supervisors and senior management, and the Company's current remuneration standards for directors, supervisors and senior management.
Actual payment of remuneration to Directors, Supervisors and senior management	RMB3,500.6 thousand
Actual remuneration in aggregate received by all Directors, Supervisors and senior management as at the end of the reporting period	RMB3,500.6 thousand

Section VII Directors, Supervisors, Senior Management and Staff

IV. CHANGES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE COMPANY

Name	Position held	Change situation	Change reason
Xiang Xiaolong	Chairman	Election	Work demand
Xu Zhen	General Manager	Resignation	Charge of position
Tang Jun	General Manager	Appointment	Work demand
Chen Jiping	Deputy General Manager	Resignation	Charge of position
Deng Ping	Deputy General Manager	Appointment	Work demand
Yang Xiaoguang	Deputy Chairman	Election	Change of Board
Tang Jun	Director	Election	Change of Board
Zhang Jianping	Independent Director	Election	Change of Board
Fang Fang	Independent Director	Election	Change of Board
Xu Zhen	Supervisory Board Chairman	Election	Change of supervisory board
Chen Jiping	Employee Representative Supervisor	Election	Change of supervisory board
Chen Dafeng	Director	Resignation	Expiration of term
Kong Yat Fan	Director	Resignation	Expiration of term
Jiang Jun	Director	Resignation	Expiration of term
Dai Hui	Employee Representative Supervisor	Resignation	Retirement

On 4 February 2020, the Company held an extraordinary general meeting of shareholders to elect Mr. Xiang Xiaolong as an executive director of the Board of Directors of the Company for a term beginning from the date of election and ending on August 16, 2020; On the same day, the Company held the 19th meeting of the 8th Board of Directors and elected Mr. Xiang Xiaolong as the Chairman of the Company. With immediate effect, Mr. Xiang Xiaolong was also appointed as a member and the chairman of the Strategic Development and Investment Committee of the Company. Mr. Xu Zhen, General Manager of the Company, and Mr. Chen Jiping, Deputy General Manager of the Company applied to resign from the post of General Manager and Deputy General Manager of the Company respectively due to the change of position. As nominated by the Chairman, Mr. Xiang Xiaolong and reviewed by the Human Resources and Remuneration Committee of the Board of Directors of the Company, the 22nd meeting of the 8th Board of Directors was held on 17 June 2020, in which the appointment of Mr. Tang Jun as the General Manager of the Company was approved. As nominated by Mr. Tang Jun, the general manager of the Company, and reviewed by the Human Resources and Remuneration Committee of the Board of Directors of the Company, the 23rd meeting of the 8th Board of Directors was held on 24 June 2020, in which the appointment of Ms. Deng Ping as the Deputy General Manager of the Company was approved. The term of office of the above persons shall start from the date of appointment by the Board of Directors and shall expire on the date of expiration of the term of office of the current Board of Directors.

Section VII Directors, Supervisors, Senior Management and Staff

The term of office of the 8th Board of Directors and the Board of Supervisors of the Company expired on 16 August 2020. The Company held the second extraordinary general meeting of shareholders on 14 August 2020 to elect the members of the new Board of Directors and Supervisory Committee, and elected Mr. Xiang Xiaolong, Mr. Yang Xiaoguang, Mr. Tang Jun and Mr. Xie Xinyu as the executive Directors of the ninth Board of Directors of the Company; Elected Mr. Yang Xudong and Mr. Du Jian as non-executive Directors of the 9th Board of Directors of the Company; Elected Mr. Liu Hao, Mr. Zhang Jianping and Ms. Fang Fang as independent non-executive Directors of the 9th Board of Directors of the Company; Mr. Xu Zhen and Mr. Jiang Yue were elected as shareholders' representative Supervisors of the 9th Supervisory Committee of the Company (Mr. Chen Jiping has been elected as employees' representative Supervisor of the 9th Supervisory Committee of the Company by the Employees' Meeting of the Company). The term of office of the above persons shall be three years starting from August 17, 2020.

On 17 August 2020, the Company held the first board meeting of the 9th Board of Directors and elected Mr. Xiang Xiaolong as the Chairman of the Company. Mr. Yang Xiaoguang was elected Vice Chairman of the Company; Mr. Xie Xinyu and Ms. Dong Huihui were appointed as company secretary and Board secretary respectively; Mr. Tang Jun was appointed as the General Manager of the Company; Mr. Xie Xinyu was appointed Executive Deputy General Manager of the Company; Mr. Li Huimin and Ms. Deng Ping were appointed as deputy general managers of the Company.

On 17 August 2020, the Company held the first meeting of the ninth Supervisory Committee and elected Mr. Xu Zhen as the Chairman of the Board of Supervisors of the Company.

The Company held the fifth meeting of the ninth board of directors on 22 January 2021, and agreed to appoint Mr. Huang Yu as the chief financial officer of the Company, effective from the date of approval of the board of directors, with a probation period of one year.

V. EXPLANATION FOR PUNISHMENT BY SECURITIES REGULATOR IN THE LATEST THREE YEARS

Applicable Not applicable

Section VII Directors, Supervisors, Senior Management and Staff

VI. STAFF OF THE PARENT COMPANY AND MAJOR SUBSIDIARIES

1. Staff

Number of serving staff of the parent company	1,441
Number of serving staff of major subsidiaries	638
The total number of serving staff	2,079
Number of retired staff for whom the parent company and major subsidiaries bear costs	116

Profession composition

Profession type	Number
Production staff	1,510
Technical staff	179
Financial staff	40
Administration Staff	350
Total	2,079

Education

Education type	Number (person)
Postgraduate degree	71
Bachelor's degree	470
Tertiary vocational diploma	968
Secondary vocational diploma	340
High school and below	230
Total	2,079

Section VII Directors, Supervisors, Senior Management and Staff

2. Remuneration policy

Broadband pay system is introduced and four type of positions are set up according to different functions, i.e. management, professional technician, toll collection and logistics. The remunerations are determined according to positions and individual conditions. Meanwhile, salary distribution system reform are deepened and remuneration distribution is tilted toward key positions and core backbones and individual revenue structure is improved and the proportion of fixed and variable salaries is set on a reasonable basis. The evaluation system is improved and the evaluation outcome is associated with salary distribution, forming a variation mechanism for the remuneration of the employees.

The Company strictly implements the social security laws and regulations of the State and regions, and protects legal rights of its staffs. The Company has participated in “Four Insurances and One Fund”, i.e. the pension insurance, basic medical insurance, unemployment insurance and job-related injury insurance and housing fund for its employees and paid relevant contribution in full, among them, according to the unified requirements of the national social security department, medical insurance and maternity insurance have been merged and implemented, and the original "Five Insurances" have been integrated into the "Four Insurances". The Company paid contribution to the abovementioned 4 social insurances in the sum of RMB19,280 thousand in 2020 and paid contribution to housing fund in the sum of RMB26,070 thousand.

In addition, the Company established the enterprise annuity plan taking into account the practical conditions of the Company in accordance with applicable enterprise annuity regulations and policies, for the purpose of motivating staffs, retaining talents and facilitating growth of the Company. All staff can participate in the plan on a voluntary basis. In 2020, the enterprise annuity expenses were RMB18,600 thousand in total.

3. Training plan

The Company attaches great importance to the education training work actively revised the “interim measures for staff training management”, according to the 2020 Anhui Expressway Staff Education and Training Plan, take training management mode of hierarchical classification, formulated the training plan, in the security operation, operation and management, professional skills, levy management and policies of the state, and so on, systematically and effectively improving the management, skills and professional knowledge level of the staff. According to the needs of epidemic prevention and control, online learning tools and the integration of “online + offline” methods have been actively used to improve the training effect.

In 2020, the Company carried out targeted and professional training for employees at different positions and levels. For example, for outstanding young and middle-aged managers, organize the "Training Course for Outstanding Young and Middle-aged Cadres of Anhui Tong Company" to improve the ideological and political quality of the Company's young cadres, and strengthen the sense of responsibility and performance of duties of cadres; hold Anhui Expressway lecture hall series of special training, such as carrying out special training on "First Aid and Health Related Knowledge" has improved employees' health awareness; special lectures on "Regulated Management of Related Party Transactions" have been held to further enhance the compliance concept of cadres and employees. The Company's business departments and operating units actively carry out business skills training such as safety, charging, and smiling services.

Section VII Directors, Supervisors, Senior Management and Staff

Combined with the needs of epidemic prevention and control, e-learning online learning system is used to encourage employees to focus on course learning, actively carry out online interaction and encourage learning exchange, and expand the breadth and depth of training through "online and offline" interactive exchange. In 2020, students have learned 12351 courses and completed 26139 class hours, covering Party building, enterprise management, Sinology, art, psychology and other categories.

4. Labor Outsourcing

Applicable Not applicable

VII. OTHER

Applicable Not applicable

VIII. OTHER INFORMATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

1. Service contract of Directors and Supervisors

Each of the Directors and Supervisors has entered into a service contract with the Company with a term of three years commencing from the date of their respective appointment. The details of such contracts, identical in all material aspects, are as follows:

- Each of the service contracts is of a term of three years commencing from 17 August 2020.
- For Directors who receive remuneration from the entities that are shareholders of the Company, the Company will not determine and pay extra Director's remuneration to them.
- For Directors who hold management positions in the Company, the Company will not determine and pay extra Director's remuneration to them. Their remuneration to be paid by the Company, will be calculated, approved and paid in accordance with their specific positions in the Company and based on the remuneration and benefit policy of the Company.
- The Director's remuneration for each PRC independent Director is RMB80,000 per annum.
- The Director's remuneration for each overseas independent Director is RMB120,000 per annum.
- For supervisors who are nominated by the Shareholders and are working in entities that are Shareholders of the Company, the Company will not determine and pay supervisor's remuneration to them.
- For the supervisor who holds another position in the Company, the Company will not determine and pay supervisor's remuneration to him. His remuneration to be paid by the Company will be calculated, approved and paid in accordance with his specific position in the Company and based on the remuneration and benefit policy of the Company.

Save as the aforesaid, no service contract that cannot be terminated within one year without payment of compensation (other than general statutory compensation) has been or proposed to be entered into between the Company and the Directors or the Supervisors.

Section VII Directors, Supervisors, Senior Management and Staff

2. Directors' and Supervisors' interests in contracts

At any time during 2020 or at the end of 2020, no Director or Supervisor or any of their connected entities had a material interest (whether direct or indirect) in any transactions, arrangements or contracts considered to be significant to the business of the Group that were entered into, or participated by the Company, any of its subsidiaries, the parent company of the Company or any subsidiaries of the parent company.

3. Interests held by Directors and Supervisor in competing business

During the reporting period, according to the Listing Rules, no Director, Supervisor or senior management of the company was interested in any competing business or potentially competing business.

4. Model code for securities transactions by Directors and Supervisors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules as the code governing the transactions of securities by the Directors and Supervisors. After specific enquiry to all Directors and Supervisors, it is confirmed by the Company that the Directors and Supervisors of the Company had complied with the relevant standard as provided in such Model Code referred to above.

5. During the reporting period, the Group did not directly or indirectly provide loans or guarantee for loans for the Directors, Supervisors and senior management of the Company and controlling shareholders or their connected persons.

6. Disclosure of Interests

As at 31 December 2020, none of the Directors, Supervisors or senior management of the Company had or was deemed to have any interests or short positions in any shares, or underlying shares or debentures of the Company and any associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the SEHK pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests which he has or is deemed to have under such provisions of the SFO); or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or which were required to be notified to the Company and the SEHK and be disclosed herein pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

7. Arrangements for the purchase of shares or bonds

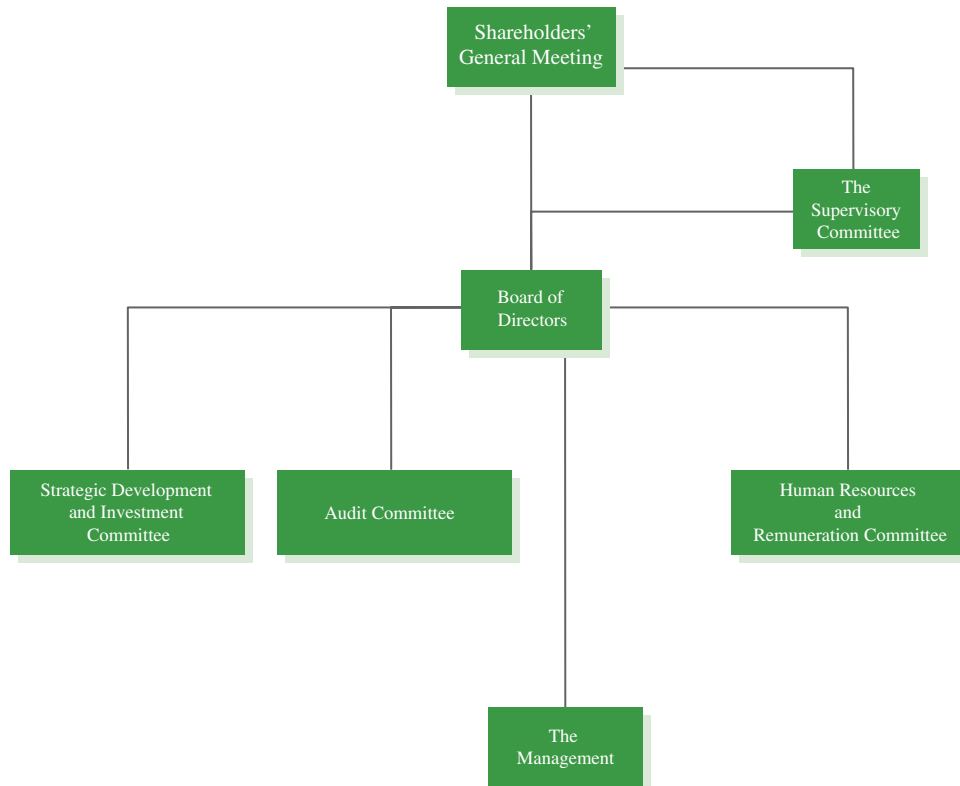
At any time during 2020 or at the end of 2020, none of the Company, any of its subsidiaries, the parent company of the Company or any subsidiaries of the parent company was a party to any arrangement to enable any Director or Supervisor to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

Section VIII Corporate Governance Structure and Governance Report

I. INFORMATION ON CORPORATE GOVERNANCE

Good corporate governance is not only for meeting the basic requirements of regulatory authorities on listed companies but, more importantly, meeting the inherent needs for the development of the Company. A scientific and standardized system, mutually balanced supervisory regime and effective enforcement are essential to the healthy and sustainable development of the Company and will improve the image of the Company in the industry and capital market, winning recognition and confidence in the Company from all parties. The Company has always been committed to completing the corporate governance structure, establishing complete operation regulations, and constantly improving the effectiveness of corporate governance.

Currently, the Company has established a corporate governance structure composed of the general meeting of shareholders, the board of directors, the board of supervisors and the management, and has formulated multi-level governance rules based on the Company's articles of association, and clarified the responsibilities, authorities and codes of conduct of each party. The general meeting of shareholders, the board of directors, the special committees and the board of supervisors shall, in accordance with laws and regulations and governance rules, perform their respective duties in a balanced, orderly and coordinated manner, and continuously improve the level of corporate governance and decision-making efficiency of the Company. The current governance structure of the Company is shown as follows:



Section VIII Corporate Governance Structure and Governance Report

Since its establishment, the Company has been operating in strict accordance with the Company Law, the Securities Law, the Governance Standards for Listed Companies, the Guidelines for the Articles of Association of Listed Companies and other laws, regulations and normative documents to continuously improve the level of corporate governance. During the reporting period, the company continued to improve the company's governance system and operational process according to the work deployment of the regulatory authorities and the latest laws and regulations. During the reporting period, the Company continued to improve its governance system and operational process according to the work deployment of the regulatory authorities and the latest laws and regulations. During the reporting period, in order to further improve the corporate governance structure, enhance the level of corporate governance, according to the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Guidelines for Articles of Association of Listed Companies* (《上市公司章程指引》), the Reply of the State Council on the Adjustment of the Notice Period of the General Meeting and Other Matters Applicable to the Overseas Listed Companies* (《國務院關於調整適用在境外上市公司召開股東大會通知期限等事項規定的批覆》) and other relevant laws, regulations and regulatory documents, the Company amended the articles of association, the rules of procedures of general meetings, the rules of procedures of the board of directors and the rules of procedures of supervisory committee based on actual situations. The amendments were reviewed and approved by the third meeting of the 9th Board of Directors and the third meeting of the 9th Supervisory Committee on 29 October 2020 respectively, and officially came into force after being reviewed and approved by the third extraordinary general meeting of shareholders of the Company on 21 December 2020.

In order to further enhance the board's participation in the Company's environmental, social and Governance (hereinafter referred to as "ESG") work, enhance the Company's ESG governance capacity, and promote the Company's sustainable development, according to the Listing Rules and the "ESG Reporting Guidelines" in Appendix 27 thereto and other relevant laws and regulations, and in combination with the actual situation of the Company, the strategic development and investment plan of the Company is formulated. The terms of reference of the committee shall be amended. The above amendments have been deliberated and adopted at the fifth meeting of the ninth Board of Directors held on 22 January 2021.

During the reporting period, there was no difference between the actual governance conditions of the Company and the requirements of the Code of Corporate Governance for Listed Companies issued by the China Securities Regulatory Commission and the relevant laws and regulations, all the Code Provisions of the Corporate Governance Code were fully adopted.

1. Shareholders and Shareholders' General Meeting

The Company convened and held shareholders' general meetings in strict compliance with the provisions of legal regulations including the Company Law of the People's Republic of China and the requirements of the Articles of Association and the Rules of Procedure for Shareholders' General Meeting, adopted online voting for important matters, to ensure that shareholders had the opportunity to express their opinion and to exercise their voting rights effectively and that all shareholders were treated equally and the rights and obligations of all shareholders were protected.

Anhui Expressway Transportation Group Company Limited and China Merchants Highway Network Technology Holding Company Limited are the major shareholders of the Company. The Company's business, staff, assets, organization and finance are separated from those of the controlling shareholders, allowing the Company to have complete autonomy over its business and operations. The two companies comply strictly with the relevant provisions of the Company Law the People's Republic of China and the Articles of Association of the Company and have never bypassed the general meeting to intervene in the decision-making process and operations of the Company directly or indirectly.

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2. Directors and the Board of Directors

The Board of Directors represents interests of all the shareholders and is wholly accountable to the shareholders' general meeting. The major duty of the Board is to exercise its managerial decision power in accordance with the authority granted by the shareholders' general meeting in relation to strategic development, management structure, investment and financing, planning, financial management, human resources etc. The Articles of Association of the Company, the Rule of Procedures for the Board of Directors and the Terms of Reference of the Specialized Committees of the Board have set out in detail the Board's duty as to the strategic development and management of the Company and the supervisory and monitoring duty of the Board as to the development and operation of the Company.

The Board of Directors has established three special committees, namely the Strategic Development and Investment Committee, Audit Committee and Human Resources and Remuneration Committee to assist the Board of Directors in performing duties and operating effectively. In considering matters such as corporate strategies, financial reporting, accounting policies, project investment and the selection of and remuneration for Directors and managers, the proposals will be first submitted to the relevant committee for consideration and discussion, which will review the same under its terms of reference and make recommendations to the Board of Directors so as to contribute to the improvement of the efficiency and effectiveness of the Board's decision-making.

Currently the Board of Directors, which is the 9th session of Board of Directors of the Company, composed of 9 Directors, including 4 executive Directors, 2 non-executive Directors and 3 independent Directors.

The members of the current session of the Board possess industry background or professional skills in highway industry, engineering construction, investment strategy, company management, financial accounting, financial securities, etc. respectively. Among the Directors, there are 3 independent Directors, 1 of whom possess professional knowledge about accounting. Independent Directors are equipped with abundant professional knowledge and management experience in company management, finance and securities, financial management, etc. and hold important posts in the special committees. Independent Directors constitute more than half of all the Directors in both Audit Committee and Human Resource and Remuneration Committee; the chairmen of the committees are also independent Directors. The arrangement of the Board of Directors and the special committees meets the requirement of the Listing Rules and the Instruction to Establishing Independent Director System in Public Companies.

3. Supervisor and Supervisory Committee

The Supervisory Committee consists of three Supervisors, including one employees' representative. The composition of the Supervisory Committee has complied with the requirements of the legal rules and regulations such as the Company Law of the People's Republic of China. The Supervisory Committee exercises the supervisory rights of the Company according to the Articles of Association of the Company and the Rule for Procedure of the Supervisory Committee. Its core duties, among others, are to supervise the corporate finances and also to ensure that the Directors and senior management are performing their duties with due diligence with a view to protecting legal interests of the Company and its shareholders.

During the reporting period, the Supervisory Committee convened 6 meetings with all Supervisors being present. It supervised the compliance aspect of the performance of duties by the Company's financial personnel, Directors and senior management on behalf of the shareholders, attended all the Board meetings, and conscientiously performed its duties.

Section VIII Corporate Governance Structure and Governance Report

4. Information Disclosure

Since its listing, the Company has faithfully fulfilled the legal duty of information disclosure and strictly executed the Management System on Disclosure of Information to ensure information disclosure in an open, timely, fair and just way and that all shareholders can enjoy equal and full right of accessing information. In case there is any difference between the requirements of the SEHK and SSE, the Company shall prepare documents and make disclosures as much as possible and as strict as possible. The secretary to the Board is the executor of information disclosure.

During the reporting period, the Company strictly adhered to the principle of “truthfulness, accuracy, completeness, timeliness and equality”, ensured all shareholders have equal right to access to the relevant information of the Company, and continuously improved the focus, effectiveness and transparency of its information disclosure. In strict compliance with the Management System of Disclosure of Information and in accordance with the statutory disclosure requirements, the Company simultaneously published announcements on SSE and SEHK, and issued 4 periodic reports, 33 A shares extraordinary announcements and 28 H shares extraordinary announcements during the reporting period, which disclosed important information on the Company’s results and financial information, dividends distribution, connected transactions, operations of the shareholders’ general meeting.

During the reporting period, the content of all disclosures by the Company was strictly in accordance with the relevant listing rules and regulations of SSE and SEHK on information disclosure, and satisfied the disclosure requirements in both exchanges. The relevant announcements were published in China Securities Journal and Shanghai Securities News, and on the websites of SSE, the SEHK and the Company.

5. Inside information management

During the reporting period, in order to maintain the confidentiality of information such as financial information, the Company has strictly complied with the Management System on Disclosure of Information, Registration Management System for Holders of Inside Information Administrative Measures for the Relevant Activities such as the Reception of Specific Targets by the Company for Investigation and Research and Interview, registered in details the relevant personnel, items, time of knowing the information and usage related to the inside information, and required the relevant personnel to make commitment and reminded them to fulfill their duty of confidentiality to prevent the leakage of information and insider dealings. According to our internal investigation, there has been no finding of cases that insiders dealt with the shares of the Company prior to the disclosure of substantial sensitive information concerning the shares of the Company in 2020.

6. Capital occupation and related transactions

During the reporting period, the Company continued to strengthen self-inspection on capital occupation and related transactions, ensured that all major events are subject to the necessary statutory approval procedures, strictly controlled the risk of various violations, and further improved the Company’s standard operation level. In the specific operation, the Company focused on the related party fund exchanges, and strictly controlled the related party capital occupation; At the same time, related party transactions are strictly in accordance with the necessary review procedures and statutory disclosure procedures required by the exchanges, to prevent the transmission of interests through improper related party transactions, to prevent performance fraud, and to ensure that related party transactions have no negative impact on the company, fair and reasonable and in line with the interests of the company and all shareholders.

Section VIII Corporate Governance Structure and Governance Report

7. Investor Relations

The management of the Company has consistently emphasized investor relations management and has formulated the “Measures for the Administration of Investor Relations” and reinforced investor relations management in terms of the management structure and the internal control system. The Company makes full use of the telephone, internet, and media to introduce the Company’s development strategy, corporate culture and operating reality to investors, receive researches and interviews from investors and institutions, ensure the right to information of small and medium investors, and continuously enhance the openness and transparency of company operations. During the reporting period, the Company’s main investor relations activities are mainly carried out through the following ways:

- ◇ Timely respond to investor enquiries through the SSE “E-interactive” platform, investor hotline, company website and email;
- ◇ Receive investors and analysts to investigate the Company on site;
- ◇ Using the Internet to carry out promotional activities. Under the new situation affected by the COVID-19 epidemic, the Company innovated the promotion method and used for the first time the “E-interactive” platform of SSE to conduct online results promotion. The 2019 Annual Results Investor Presentation and the 2020 Interim Results Investor Presentation were held in April 2020 and August 2020 respectively, in which the Company had ample communication with investors in topics such as the Company’s periodic reports, operating conditions, investor protection and sustainable development, providing convenience for public investors to gain more in-depth understanding of the Company, and obtaining good promotion result.
- ◇ Actively participated in investment education activities, including "May 15 National Investor Protection Publicity Day", "New Securities Law Popularization Publicity", "Shareholders Are Coming", etc., and cultivated a good investor relationship.

8. Investor return mechanism

The Company has established in the Articles of Association a stable and active dividend policy. Since the listing, the Company has been paying cash dividends continuously for 24 consecutive years. By the end of 2020, the Company has paid a total cash dividend of about RMB6.21 billion, with a total dividend of RMB3.7775 per share, so that shareholders of the Company can get good returns from the development of the Company.

The Company plans to pay a cash dividend of RMB0.23 per share in this year, with a dividend rate of 41.53%.

Section VIII Corporate Governance Structure and Governance Report

9. Internal audit and control management

The Company attaches great importance to internal audit and internal control, and puts emphasis on internal control to promote the development of the Company, improve management, improve efficiency and strengthen internal control to prevent risks. At the same time, for daily risk monitoring, the Company regularly carries out information collection and business status analysis, and constantly adjusts risk management measures according to internal and external changes.

During the reporting period, the Company actively carried out the economic responsibility audit, project settlement audit. The Company also actively organized and implemented internal control evaluation and defect rectification to ensure the effective implementation of internal control policies. In order to meet the new regulatory requirements, the Company comprehensively improved the construction of internal control system, formulated the “Anhui Expressway Internal Control System Construction and Supervision Implementation Plan”, reviewed the original internal control process of the Company, and looked for risk points that might be omitted; Conduct annual risk assessment, collect widely the opinions of managers at all levels of the company on risks existing in the company’s operation and their preference for risks in the form of annual risk questionnaire, and do a good job in risk control.

10. Social responsibility

As a transportation infrastructure listed company, the Company actively comply with national laws and regulations, strictly follow the articles of association, the rules of SSE and SEHK on corporate governance, based on the industry, consciously fulfill social traffic demand, and promote social and economic development of the basic social responsibility, continue to create a good return on investment for shareholders, create interest for employees, customers and business partners and other stakeholders.

During the reporting period, the Company has complied with the relevant laws and regulations that have a significant impact on the Company, and undertaken a multi-dimensional social responsibility, including the corresponding responsibilities for stakeholders such as shareholders, employees, consumers and community environment. For details, please refer to the Company’s 2020 Environmental, Social and Governance Report, the full report of which is available on SSE website, SEHK website and the company website.

Whether there are significant differences between corporate governance and the requirements of the CSRC; If there are significant differences, the reasons shall be explained

Applicable Not applicable

Section VIII Corporate Governance Structure and Governance Report

II. PROFILE OF THE GENERAL MEETING

Session	Date	Query indexes for published resolutions	Disclosure date of the published resolution
The 2020 First Extraordinary General Meeting	2020-02-04	Shanghai Securities News China Securities Journal	2020-02-05
2019 Annual General Meeting	2020-05-22	http://www.sse.com.cn	2020-05-23
The 2020 Second Extraordinary General Meeting	2020-08-14	http://www.hkex.com.hk http://www.anhui-expressway.net	2020-08-15
The 2020 Third Extraordinary General Meeting	2020-12-21		2020-12-22

Statement of the general meeting of shareholders

Resolutions passed in The 2020 First Extraordinary General Meeting

- To elect Mr. Xiang Xiaolong as the Executive Director of the Board of Directors of the Company for a term beginning on the date of election and ending on 16 August 2020. (Ordinary resolution).

Resolutions passed in 2019 Annual General Meeting:

- To approve the report of the Board of Directors, the report of the Supervisory Committee, the audited financial report and the profit appropriation proposal of the Company for the year 2019 (Ordinary resolution);
- To approve the appointment of PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers as the Company's PRC and Hong Kong auditors for the year 2020 and to authorize the Board to determine their remuneration (Ordinary resolution);
- To approve the issue for a donation of RMB5 million to support the fight against COVID-19 (Ordinary resolution);
- To approve the general mandate for the issue of additional A shares and/or H shares of the Company (Special resolution).

Resolutions passed in The 2020 Second Extraordinary General Meeting:

- To approve the remuneration of the members of the Ninth Board of Directors and the Board of Supervisors of the Company, and to authorize the Board of Directors to determine the terms of the service contracts for directors and supervisors (Ordinary resolution);
- To elect Mr. Xiang Xiaolong, Mr. Yang Xiaoguang, Mr. Tang Jun, Mr. Xie Xinyu, Mr. Yang Xudong and Mr. Du Jian as non-independent directors of the 9th Board of Directors of the Company (Ordinary Resolution);
- To elect Mr. Liu Hao, Mr. Zhang Jianping and Ms. Fang Fang as independent non-executive directors of the 9th Board of Directors of the Company (Ordinary resolution);
- To elect Mr. Xu Zhen and Mr. Jiang Yue as Shareholder Representative Supervisors of the 9th Supervisory Committee of the Company (Ordinary resolution).

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Resolutions passed in The 2020 Third Extraordinary General Meeting:

- To approve a motion to amend the Articles of Association (Special resolution);
- To approve the motions on amending the Rules of Procedure of the General Meeting of Shareholders, Rules of Procedures of the Board of Directors, and Rules of Procedures of the Supervisory Committee (Special resolutions) .

III. DIRECTORS' PERFORMANCE OF DUTIES

1. Directors' attendance at Board meetings and shareholders' general meetings during the reporting period

Name	Independent director (yes or no)	Number of meetings that should be attended during this year	Attendance at board meeting				Attendance at shareholders' meeting	
			Times of attending in person	Times of attending through communication means	Times of attending by delegate	Times of absence	Two successive absence from the meeting (yes or no)	Times of attending
Xiang Xiaolong	No	9	9	6	0	0	No	4
Yang Xiaoguang	No	4	4	2	0	0	No	1
Tang Jun	No	4	4	2	0	0	No	1
Xie Xinyu	No	9	9	6	0	0	No	4
Yang Xudong	No	9	9	9	0	0	No	4
Du Jian	No	9	9	7	0	0	No	4
Liu Hao	Yes	9	9	9	0	0	No	4
Zhang Jianping	Yes	4	4	2	0	0	No	1
Fang Fang	Yes	4	4	4	0	0	No	1
Chen Dafeng	No	5	5	4	0	0	No	3
Xu Zhen	No	5	5	4	0	0	No	3
Kong Yat Fan	Yes	5	5	5	0	0	No	3
Jiang Jun	Yes	5	5	5	0	0	No	3

Note: Every Director has attended all board meetings of their term during the reporting period.

Explanations for not attending the board meeting in person two times in a row

Applicable Not applicable

Number of Board meetings this year	9
Among: Number of on-site meetings	0
Number of meetings through communication means	6
Number of on-site meetings combining the use of communication means	3

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2. Raising objections to any matters relating to the Company by independent Directors

Applicable Not applicable

During the reporting period, apart from attending Board meetings and special committee meetings conscientiously, the independent Directors of the Company have provided written independent opinions on matters such as the Company's provision of external guarantees, daily connected transactions and senior management appointment, and have held meetings with external auditors to discuss the annual audit arrangement and problems identified in the audit. During the reporting period, none of the independent Directors has raised any objections to any matters relating to the Company, and none of them has proposed to convene any Board meeting, general meeting or seek voting rights from public shareholders.

3. Other

Applicable Not applicable

IV. IMPORTANT OPINIONS AND SUGGESTIONS PROVIDED BY SPECIAL COMMITTEES UNDER THE BOARD IN PERFORMING THEIR DUTIES DURING THE REPORTING PERIOD, PARTICULARS OF ANY DISAGREEMENT SHOULD BE DISCLOSED

The Board has established three special committees, the terms of reference of which are available on the website of the Company for inspection by investors and the public. Members of the special committees are appointed by the Board for a term of three years within the same period of the term of directors. Save for the Strategic Development and Investment Committee, all chairmen of other special committees are independent Directors.

Currently, the composition of these committees is as follows:

Committee Director	Strategic Development and Investment Committee	Human Resources and Remuneration Committee	Audit Committee
Xiang Xiaolong	C		
Yang Xiaoguang	M		
Tang Jun	M		
Xie Xinyu			
Yang Xudong	M	M	
Du Jian			M
Liu Hao			C
Zhang Jianping	M	C	M
Fang Fang		M	

Note : C: Chairman of relevant Board Committee
M: Member of relevant Board Committee

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During the reporting period, the three special committees under the Board have fulfilled their respective responsibilities in accordance with the relevant regulations.

During the reporting period, the Strategic Development and Investment Committee continued to carry out the Company's "the 13th Five-year Plan" development strategy, continued to strengthen the main business advantages, through the internal and external expansion of the expressway industry and to expand the scale of assets; At the same time, based on its own superior resources, the committee complied with the national "One Belt And One Road" strategic guidance, combining internal development conditions and the international market environment to actively "go global" so as to foster new profit growth points.

During the reporting period, the main tasks of the Audit Committee included: supervising and evaluating the work of the external auditor, guiding the Company's internal audit work, reviewing the Company's financial report and expressing opinions on it, and evaluating the effectiveness of the internal control. In addition, some of the major issues that are closely related to the Company's operations were also reviewed, and professional opinions were provided to the Company's management. During the reporting period, the Audit Committee held four meetings. Please refer to the 2020 Report by the Audit Committee on its Discharge of Duties for details of the Audit Committee's work.

During the reporting period, the main work of the Human Resources and Remuneration Committee were: performing the corresponding nomination process for the change of session of the Board, confirming the qualification of candidates for senior management employed by the Board, providing independent opinions on the nomination, recommendation and voting procedures for the aforesaid personnel, reviewing the remuneration of Directors, Supervisors and senior managements to be disclosed in the annual report and is of the view that the information disclosed is true and accurate and consistent with the actual condition.

V. DESCRIPTION ON THE IDENTIFICATION OF RISKS BY THE SUPERVISORY COMMITTEE

During the reporting period, the Supervisory Committee of the Company conscientiously fulfilled its statutory supervisory duties and safeguarded the legitimate rights of shareholders and the Company in accordance with the relevant provisions of the Company Law of the People's Republic of China, the Article of Association and the "Rules of Procedure of the Supervisory Committee". During the reporting period, the Supervisory Committee has held 6 meetings to consider the Company's periodic reports and internal control self-assessment report. The Supervisory Committee has attended all onsite Board meetings and shareholders' general meetings in 2020. Through convening the Supervisory Committee meetings and attending shareholders' meetings and Board meetings, etc., the Supervisory Committee understood and supervised the legitimacy and rationality of behaviors of the Directors, general managers and other senior management in their decision-making and daily management etc.; the Supervisory Committee carefully reviewed the operating performance and financial condition of the Company, discussed and reviewed the financial reports to be submitted by the Board of Directors to the general meeting of shareholders; supervised, inspected and coordinated construction and implementation of the internal control of the Company, and monitored improvements thereof.

The Supervisory Committee had no objection to the matters under supervision during the reporting period.

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VI. DESCRIPTION ON FAILURE OF THE COMPANY IN ENSURING INDEPENDENCE FROM ITS CONTROLLING SHAREHOLDER IN TERMS OF BUSINESS, PERSONNEL, ASSETS, ORGANIZATION AND FINANCE ETC., AND MAINTAINING INDEPENDENT OPERATION

Applicable Not applicable

The Company is independent from its controlling shareholder(s) in terms of business, personnel, assets, organization and finance, and has independent and complete business and the ability of independent operation.

If there is competition in the same trade, the Company's corresponding solutions, work progress and follow-up work plan

Applicable Not applicable

VII. EVALUATION MECHANISM OF SENIOR MANAGEMENT PERSONNEL AND THE ESTABLISHMENT OF INCENTIVE MECHANISM AND IMPLEMENTATION DURING THE REPORTING PERIOD

The Human Resources and Remuneration Committee under the Board is responsible for the senior management personnel performance appraisal, plans and executes mid- and long-term incentive plans and gives corresponding reward to good performers.

VIII. WHETHER SELF-EVALUATION REPORT REGARDING INTERNAL CONTROL IS DISCLOSED

For details, please see the "2020 Self-evaluation Report Regarding Internal Control" disclosed by the Company on SSE website (www.sse.com.cn).

Major defects of internal control during the reporting period

Applicable Not applicable

IX. RELATED PRESENTATION OF INTERNAL CONTROL AUDIT REPORT

PricewaterhouseCoopers Zhong Tian LLP has reviewed the internal control of the Company in 2020 and issued standard unqualified Internal Control Audit Report, and is of the view that the Company has maintained effective internal control in all material aspects over the financial statements in accordance with the Guidelines for Corporate Internal Control Assessment and the related regulations.

For details, please see the "Internal Control Audit Report" on SSE website (www.sse.com.cn).

Whether internal control audit report is disclosed: Yes

Opinion type of internal control audit report: standard unqualified opinion

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X. OTHERS

A. Code on Corporate Governance

The Board confirmed that, during the reporting period, save and except that both the duties of the remuneration committee and the nomination committee were performed by the Company's human resources and remuneration committee (as the Company considers the long established arrangement of human resources and remuneration committee has so far been effective and suits the needs of the Company better, and most of the members of the human resources and remuneration committee are independent directors, which can ensure the protection of the interests of shareholders), the Company has always complied with the Corporate Governance Code in order to maintain a high standard of corporate governance so as to improve the corporate transparency and protect the interests of the Company's shareholders.

During the reporting period, the Company strictly adhered to Company Law, Securities Law and the relevant laws and regulations as well as regulatory documents of the CSRC (China Securities Regulatory Commission) and continued to improve the corporate governance structure, vigorously promoting internal control and regulation construction work. The Company duly complied with its obligation of disclosure and enhanced its management of investors' relations and the level of which its operations are regulated. During the reporting period, the Board discharged the following corporate governance functions:

- (a) reviewing the Company's policies and practices on corporate governance;
- (b) reviewing and monitoring the training and continuous professional development of directors and senior management;
- (c) reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;
- (d) reviewing and monitoring the code of conduct and compliance manual applicable to employees and directors; and
- (e) reviewing the Company's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report.

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B. Directors and the Board of Directors

1. The Board of Directors

As of 31 December 2020, the Board of Directors, which is the 9th session of Board of Directors of the Company, composed of 8 Directors, including:

Executive Directors:

Xiang Xiaolong
Yang Xiaoguang
Tang Jun (*General Manager*)
Xie Xinyu

Non-executive Directors:

Yang Xudong
Du Jian

Independent Non-executive Directors:

Liu Hao
Zhang Jianping
Fang Fang

There are no relationships (including financial, business, family or other material/relevant relationship) among Directors. Please refer to section VII “Directors, Supervisors, Senior Management and Staff” of this annual report for the biography of the Directors (including their professional background and working experience in the shareholder’s company and other companies) and the term of appointment of the non-executive Directors.

During the reporting period, the chairman of the Company is Mr. Xiang Xiaolong (appointed on 4 February 2020). The general manager of the Company is Mr. Tang Jun (appointed on 17 June 2020). The responsibilities of the chairman and the general manager are clearly defined and are set out in detail in the Company’s Articles of Association, the “Standing Orders for the Operation of the Board” and the “Standing Orders for the Operation of General Manager” to ensure a balance of power and authority as well as the independence of the Board of Directors in decision-making and the independence of the management in day-to-day operation management activities. The chairman holds and coordinates the work of the Board, and is responsible for leading the Board of Directors to work out the Group’s strategy and direction, achieving the Group’s goal, and ensuring effective operation of the Board and good corporate governance and practice of the Company. Under the support of the Board of Directors and other senior management, the general manager is responsible for coordination and management of the Group’s business and operation, implementing the strategies made by the Board of Directors and making daily decisions.

During the reporting period, the Board of Directors faithfully implemented every decision made in shareholders’ general meetings, and strictly followed regulations in performance of corresponding review procedures of substantial events within their scope of authority. Every special committee of the Board of Directors separately convened special committee meetings according to its respective responsibilities, and gave suggestions and advice on issues including the development strategy and capital operation of the Company, contributing to orderly operation and scientific decision-making of the Board of Directors.

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The management of the Company is responsible for the provision of relevant materials and information necessary for the Board of Directors' consideration of various proposals, making response or providing further data upon Directors' reasonable enquiry or requests as soon as possible and arranging for the senior management to report at a board meeting. The Board of Directors and the special committees under the Board of Directors shall have the right to seek the service of independent professional institutions according to the needs of the exercise of authority, performance of duties or businesses, and the reasonable expenses incurred thereon shall be borne by the Company (During the year, none of the Directors has requested to seek independent professional opinions for any matter).

2. Independent Non-executive Directors and their independence

The Company has appointed sufficient number of independent non-executive Directors. The Board of Directors has received the confirmations from all independent non-executive Directors as to their independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all existing independent non-executive Directors have complied with the relevant guideline as set out in Rule 3.13, and remain independent.

3. Compliance support for Directors

During their terms of office, all the directors of the Company are able to receive materials and updates about the legal, regulatory and other continuing obligations of directors of listed companies through the secretary of the Board. The Directors are determined to comply with the requirement on the training of directors imposed by Code Provision A.6.5 of the Corporate Governance Code to ensure that the Directors can make informed and related contribution to the Board. During the reporting period, some directors of the Company have attended training session or lectures held by the Hong Kong Institute of Chartered Secretaries and the Listed Companies Association of Anhui, and provided the Company with relevant training records. In 2020, the training Directors received is as follows:

Director's name	Corporate governance and update of laws and regulation		Accounting/finance/management and other professional skill	
	Read materials	Attend lecture/training	Read materials	Attend lecture/training
Xiang Xiaolong	✓		✓	
Yang Xiaoguang	✓		✓	
Tang Jun	✓	✓	✓	✓
Xie Xinyu	✓	✓	✓	✓
Yang Xudong	✓		✓	
Du Jian	✓		✓	
Liu Hao	✓		✓	
Zhang Jianping	✓	✓	✓	✓
Fang Fang	✓	✓	✓	✓
Chen Dafeng	✓		✓	
Xu Zhen	✓		✓	
Kong Yat Fan	✓		✓	
Jiang Jun	✓		✓	

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4. Model Code for Securities Transactions for Directors and Supervisors of the Company

The Company has adopted the “Model Code for Securities Transactions by Directors and Supervisors of Listed Issuers” as set out in the Appendix 10 of the Listing Rules as its code provisions on the trading of shares of the Company by relevant Directors and Supervisors. After making specific enquiries to all Directors and Supervisors, the Company confirms that all Directors and Supervisors fully complied with the relevant standards required by the above mentioned Model Code.

C. Special Committees under the Board

1. Strategic Development and Investment Committee

The main duties of the Strategic Development and Investment Committee according to its terms of reference include identifying the strategic development direction of the Company, devising strategic plan of the Company, supervising implementation of strategies, timely adjust the strategic and governance structure of the Company, organizing review of proposed investment projects of the Company, and providing suggestion for decision making of the Board.

In order to further increase the engagement of the Board in the works of the environment, social and governance (“ESG”) of the Company, improve the Company’s governance capability in ESG and promote the sustainable development of the Company, according to the relevant requirements under the Listing Rules of the Stock Exchange of Hong Kong, Guidance on ESG Report, appendix of the Listing Rules of Stock Exchange of Hong Kong, and other laws and regulations, the Company made some amendments to the relevant articles of Terms of Reference of the Strategic Development and Investment Committee of the Company after taking into consideration the actual condition of the Company. The above amendments have been considered and approved at the fifth meeting of the ninth session of the Board held on 22 January 2021.

In 2020, the Strategic Development and Investment Committee consisted of:

- Xiang Xiaolong (the chairman of the committee and executive Director, appointed on 4 February 2020)
- Yang Xiaoguang (Executive Director, appointed on 17 August 2020)
- Tang Jun (Executive Director, appointed on 17 August 2020)
- Yang Xudong (Non-executive Director)
- Zhang Jianping (Independent non-executive Director, appointed on 17 August 2020)
- Chen Dafeng (Executive Director, resigned on 17 August 2020)
- Xu Zhen (Executive Director, resigned on 17 August 2020)
- Jiang Jun (Independent non-executive Director, resigned on 17 August 2020)

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For the work report for 2020 of this committee, please refer to the disclosures in “4. Important opinions and suggestions provided by special committees under the Board in performing their duties during the reporting period, particulars of any disagreement should be disclosed” of this section.

2. Audit Committee

As per its terms of reference, the Audit Committee is mainly responsible for monitoring the establishment and functioning of the Company’s internal audit system, evaluating financial information and its disclosure, reviewing the establishment of the internal control system and the way in which it runs, reviewing major connected transactions, communicating with the Company’s internal and external auditors, and supervising and monitoring internal and external audit.

In 2020, the Audit Committee of the Company composed of Mr. Liu Hao (the chairman of the committee and independent non-executive Director), Mr. Du Jian (non-executive Director), Mr. Zhang Jianping (independent non-executive Director, appointed on 17 August 2020) and Mr. Jiang Jun (Independent non-executive Director, resigned on 17 August 2020).

In 2020, the Audit Committee held 4 meetings. Details of attendance are as follows:

Member’s name	Attendance in person at meeting (times)	Number of meeting (times)	Attendance rate
Liu Hao	4	4	100%
Du Jian	4	4	100%
Zhang Jianping	2	2	100%
Jiang Jun	2	2	100%

3. The Human Resources and Remuneration Committee

The major responsibilities of the Human Resources and Remuneration Committee are: formulating human resource development strategies and plans for the Company, researching and formulating remuneration policies and incentive mechanism, conducting performance appraisal of and putting forward suggestions as to the appointment and dismissal of directors, general managers and other senior executives of the Company.

According to the terms of reference, the Human Resources and Remuneration Committee acts as consultant for the remuneration of directors and senior executives of the company while the Board reserves the final authority in approving the remuneration of directors and senior executives.

In 2020, the Human Resources and Remuneration Committee of the Company composed of Mr. Zhang Jianping (the chairman of the committee and independent non-executive Director, appointed on 17 August 2020), Mr. Yang Xudong (non-executive Director), Ms. Fang Fang (independent non-executive Director, appointed on 17 August 2020), Mr. Jiang Jun (the chairman of the committee and independent non-executive Director, resigned on 17 August 2020) and Mr. Kong Yat Fan (independent non-executive Director, resigned on 17 August 2020).

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In 2020, the Human Resources and Remuneration Committee held 3 meeting. Details of attendance are as follows:

Member's name	Attendance in person at meeting (times)	Number of meeting (times)	Attendance rate
Zhang Jianping	1	1	100%
Yang Xudong	2	2	100%
Fang Fang	1	1	100%
Jiang Jun	2	2	100%
Kong Yat Fan	2	2	100%

For the work report for 2020 of this committee, please refer to the disclosures in “4. Important opinions and suggestions provided by special committees under the Board in performing their duties during the reporting period, particulars of any disagreement should be disclosed” of this section.

D. Summary of Board Diversity Policy

Pursuant to the SEHK's amendments to the Listing Rules and the Corporate Governance Code, the Board approved the amendments to the board diversity policy on 22 March 2019.

This Policy aims to set out the approach to achieve diversity in the Board of Directors. The Company recognises and embraces the benefits of having diversified Board members. The Human Resources and Remuneration Committee is committed to ensuring the Company's equipment of the required skill, experience and diversified view for its business. All Board appointments will be based on meritocracy, and candidates will be considered by objective criteria, with due regard for the benefits of Board diversity. Selection of candidates will be based on a range of diversity perspectives, including but not limited to sex, age, cultural and educational background, professional experience, skills, and knowledge. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

The Human Resources and Remuneration Committee will monitor the implementation of this Policy and will review relevant policy as appropriate to ensure effective implementation of this Policy. Besides reviewing, the Human Resources and Remuneration Committee has not yet set any measurable objectives for implementing this Policy during the year.

E. Responsibility Statement Made by the Board of Directors on Financial Statements

This statement aims at explaining and distinguishing the responsibilities assumed by the directors and auditors respectively as to financial statements. The statement should be read with the auditors' statement in the auditor's report in Section X of this annual report.

The Board of Directors held that the resources the Group owns are sufficient for the Group to continue operating the business in the foreseeable future. Therefore, the financial statements were made on the basis of going concern; and in making the financial statements, the Group has applied appropriate accounting policies. These policies were applied with the support of reasonable and prudent judgment and evaluation, in line with all the accounting standards regarded as applicable by the Board of Directors. The Directors are responsible for ensuring that the financial statements prepared by the Company can reflect the financial condition, financial performance and cash flows of the Group in a reasonable and accurate way, and that the financial statements meet the requirements of relevant accounting principles.

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F. Auditors

The Audit Committee of the Company is responsible for considering the appointment, resignation or replacement of auditors and assessing the professional quality of the services provided by the auditors, and makes proposals to the Board. The appointment, replacement of auditors and audit fees will be approved or authorized at general meeting presented by the Board.

The 2019 Annual General Meeting of the Company has approved the re-appointment of PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers as the Company's 2020 PRC and Hong Kong auditors respectively. The audit and non-audit service fees for the year are as follows:

	RMB'000
Financial Statements audit service	1,750
Other audit service (including internal control audit)	350
Non-audit service	0

In addition, the Company did not pay any other fees to the auditors nor any fees that would affect their independence. For details, please refer to Section V "Major Events" of this annual report.

G. Remuneration of Directors, Supervisors and Senior Management

During the reporting period, the total amount of remuneration of Directors, Supervisors and senior management who are remunerated by the Company are within the following range:

	Number of Person
Nil to HK\$1,000,000 (equivalent to RMB835,900)	13

H. Risk Management and Internal Control

According to the requirements of the Corporate Internal Control Basic Norm and its supporting guidelines and other internal control supervisory requirements (hereinafter referred to as the Corporate Internal Control Norm System), the Company has established a sound and effective risk management and internal control system. The objective of risk management and internal control system of the Company is to reasonably ensure the operating and management to be in compliance with laws and regulations, that the assets are safe, the financial report and the relevant information are true and complete, improve operational effect and result, and promote and achieve development strategy. The risk management and internal control system is designed to manage rather than eliminate the risk of failure to meet business objectives and to only provide a reasonable, but not absolute assurance that there will be no material misrepresentations or losses.

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1. Main characteristics of risk management and internal control

The Board shall be responsible for the risk management and internal control system of the Group and for the review of the effectiveness of such system. The Supervisory Committee supervises the internal control established and implemented by the Board. The management is responsible for organizing and leading the daily operation of corporate internal control.

Scope of duties:

The Board

- To be responsible for the risk management and internal control system and continuously review its effectiveness, ensuring that the Group establish and maintain an effective risk management and internal control system;
- To review risk management and internal control system of the Group at least once per year and ensuring that when reviewing, the resources, staff qualification and experience in accounting, internal audit and financial reporting of the Group are sufficient and the training course received by the staff and the relevant budget are sufficient. The Chairman decides whether to report extraordinary matters to the Board;
- To supervise the design, implementation and monitor of risk management and internal control system by the management.

Audit Committee

- To review the risk management and internal control system of the Group;
- To evaluate the result of appraisal and audit of risk management and internal control system, to urge the rectification of defects of risk management and internal control;
- To discuss the risk management and internal control system with management, to ensure the management has performed its duties to establish an effective system;
- To actively or as per the appointment from the Board, conduct research on the major investigation results of risk management and internal control and feedback of investigation results from the management.

Management

- The management is responsible for the duties of risk management and internal control as well as the relevant management;
- To report the relevant information during the course of risk management and internal control to the Board and the Audit Committee.

The risk management and internal control departments of the Group shall report to the Audit Committee and the Board regarding the risk management and internal control at the annual meeting, so as to facilitate the Board to evaluate the effectiveness of control and risk management of the Group.

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The Group has implemented policies and procedures to review the effectiveness of risk management and internal control and remedy the serious defects of internal control, including requesting the management to conduct evaluation on a regular basis to keep abreast of the related information in a timely manner. Furthermore, the Group has set up a system to safeguard integrity and honesty, combat corruption and facilitate case report and supervision.

2. Specific procedures to identify, evaluate and manage material risks and the Company

(1) Risk identification

The Company formulates risk evaluation criteria to identify risks which may affect the Group.

(2) Risk evaluation

The Company evaluates the identified risks and classifies them into different risk levels.

(3) Risk management

The Company adopts different strategies to manage risks based on their levels and the risk management department supervises the effectiveness of the strategies. In addition, the Company formulates relevant countermeasures to prevent the reoccurrence or lower the risks.

(4) Risk monitoring

The Company monitors risks in a consistent and regular manner and promptly amends the risk management and internal control procedures to ensure their adequacy and effectiveness. The result of risk monitoring are regularly reported to the management and the Board.

In order to respond to changes in the external environment and maintain its profitability, the Company has optimized its business process and transformed its business and management models through management innovation, business reform and other measures. The medium to long-term visions of the Group have also been formulated. Efforts have been made to lower costs, enhance organization and process and improve its ability, in order to ensure the implementation of the strategies and annual policies of the Group.

3. Specific procedures for the Company to review the effectiveness of system and to solve the serious defects of internal control

(1) Procedure of testing of the effectiveness of internal control

1. Purpose of testing of the effectiveness of internal control

The appraisal of the effectiveness of the operation of internal control shall take into account the following:

- (1) How the relevant control works during the appraisal period;

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- (2) Whether the relevant control works continuously and consistently during the appraisal period;
- (3) Whether the controlling staff possess the necessary authorization and capability.

2. *Internal Control Effectiveness Testing Frequency*

In January 2021, the internal control working group tested the effectiveness of internal control operation for 2020. For some sub-processes with greater risks, whether to increase the test frequency was determined based on the actual needs.

3. *Identification of Key Control Points and Determination of the Test Manuscript*

The Company has identified the key control points to be tested during the internal control evaluation process and unified the working manuscripts used in the test. Testers are required not to change them arbitrarily during the test process.

Before the test is carried out, the testers will obtain the process document of the test process, the risk control matrix, the test working manuscripts and the major rules and regulations, and gain an understanding of the control objective of the whole process, risks to be controlled and the major content of the respective key control points.

4. *Method for Testing the Effectiveness of Internal Control*

The Company has adopted a combination of four methods to carry out internal control effectiveness tests, including inquiry (optional), observation (optional), review, inspection (mandatory) and re-implementation (optional).

The internal control working group of the Company will select the appropriate test method from the above methods by taking into account the evaluation result of controlling the related risk factors.

5. *Test Sample Selection and Test Conclusion*

Samples are selected independently for each key control point, and the samples shall cover the key control points that are tested and do not need to cover other non-key control activities during the process. Random selection must be made and the statistical sampling method is adopted when feasible. The results of testing the key control points after the samples are selected are divided into the following two categories:

- Control is effective. Upon testing, if a key control is effectively implemented in all samples, the test result is valid;
- Test difference. If the execution of the sample is inconsistent with the description of the key control point, it indicates that the rationally designed control has not been effectively executed as expected and is a test difference. For a test difference, testers should communicate with the process leader to identify the cause of the difference.

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6. *Internal Control Effectiveness Test Sample Recording*

Using a unified control test document template for sample recording; including: truthfully fill out all the characteristics of each sample (including the abnormal part) according to the content as set out in the template; need to briefly describe the reason causing the abnormality of the sample in the manuscripts; and form a test conclusion on each manuscript (control is effective or control is ineffective).

7. *Identification of Internal Control Deficiencies*

The identification of internal control deficiencies by the Company is based on daily supervision and special supervision, taking into account the results of the annual internal control evaluation. Identification opinions will be put forward by the internal control working group after a comprehensive analysis is conducted and will be reviewed in accordance with the prescribed authority and procedures. Major deficiencies will be finalized by the Board.

Pursuant to the “Guidelines for the Evaluation of Internal Control of Enterprises”, the Company has set the standard for the identification of internal control deficiencies by distinguishing between financial reporting internal control deficiencies and nonfinancial reporting internal control deficiencies in accordance with the specific form of expression of the impact of internal control deficiencies on the achievement of financial reporting objectives and other internal control objectives.

(2) *Specific Procedures for Solving Serious Internal Control Deficiencies*

1. *Developing a Deficiency Rectification Plan*

The internal control working group of the Company is responsible for supervising each of the persons overseeing the rectification of deficiencies to develop respective deficiency rectification plans in accordance with the nature of the identified deficiencies, taking into account the actual situation of the Company. The rectification plan needs to include the following: department/individual responsible for rectification, rectification steps and rectification schedule and so on. The rectification plan developed needs to be approved by the management of the object being evaluated before implementation.

2. *Method for the Rectification of Deficiencies*

For internal control design deficiencies which have been confirmed to have a need for rectification, the relevant provisions have to be supplemented or the original provisions have to be amended in the existing internal control management system. The supplement or amendment shall be examined and approved in accordance with the established management system and approval procedures of the Company. For internal control implementation deficiencies which have been confirmed to have a need for rectification, the implementation of internal control has to be strengthened and the persons implementing the control are required to implement it in strict accordance with the relevant provisions.

Section VIII Corporate Governance Structure and Governance Report

The relationship between the severity of internal control deficiencies, identification bodies and corrective measures are as follows:

Extent of the Impact of Deficiencies		Tackling Method	Identification Body	Body Responsible for Correction	Countermeasures
General deficiencies	Minor	Concern	Internal control evaluation department (Management)	Internal control evaluation department	Give regular attention, or adjust the current situation to an acceptable level.
	Small	Concern and test			
	Medium	Remedy or correction			
Important deficiencies		Correction	Management (Board)	Management	The management should take action or urge the relevant departments to take action to solve the existing problems so as to prevent the occurrence of events which have a greater negative impact on the control objective; for design deficiencies, the internal control system should be revised simultaneously when corrective measures are taken.
Major deficiencies		Correction	Board	Board	The Board gives attention and urges the relevant departments to immediately analyze the reasons and take corrective action; for design deficiencies, the internal control system should be revised simultaneously when corrective measures are taken.

3. *Monitoring of Progress in Deficiency Rectification*

The internal control working group of the Company is responsible for supervising the rectification of deficiencies and coordinating the problems occurring in the process of rectification. The main method of monitoring is to review the reports on the progress of rectification made by each person responsible for rectification on a regular basis.

Section VIII Corporate Governance Structure and Governance Report

4. *Report on Deficiency Rectification Progress*

In the process of deficiency rectification, the internal control working group of the Company is responsible for reporting to the management the progress of deficiency rectification on a regular basis. Major rectification matters have to be reported to the Board (Audit Committee) in a timely manner. Measures taken for rectification and the completion of the rectification steps shall be briefly described during reporting. Meanwhile, problems (such as difficulties and matters requiring the coordination of other departments) occurring in the process of rectification that are of concern to the management have to be stated and explained.

Pursuant to the provisions of the Corporate Internal Control Norm System and taking into account the internal control system and evaluation method of the Company, the Board has completed the annual review of the Group's risk management and internal control system on the basis of the daily supervision and special supervision of internal control: In May 2020, the Company collected risk information from its headquarters and subordinate units, identified the causes of risks and assessed their impact on the Company from the qualitative and quantitative aspects through various methods and means such as conducting surveys by distributing risk questionnaires, preparing business process internal control risk identification tables and taking into account the Company's internal control evaluation results and internal audit findings for the year. In January 2021, the Company tested the effectiveness of internal control operation for 2020. The Board of Director confirms that for the year ended 31 December 2020, the Group's risk management and internal control systems were effective and adequate, and no major monitoring errors or major monitoring weaknesses were identified during the reporting period.

The Board considers that for the year ended 31 December 2020, the internal control system of the Group was effectively operated and played a better management and control role in all key aspects of the Group's operation and management, and was able to provide an assurance for the healthy operation of the Group's businesses and the control of operating risks and was able to provide a reasonable guarantee for the reliability of financial reports, the legality of business operations and the efficiency and effect of operation. The Group's resources, employee qualifications and experience in accounting, internal audit and financial reporting functions, as well as the training courses received by employees and the relevant budget are adequate. In addition, the Group's procedures for financial reporting and compliance with the requirements under the Listing Rules are effective.

4. **Internal Audit Function**

The internal audit department is responsible for the internal audit work of the Group and reports directly to the Audit Committee. The internal audit department plays an important role in assessing the effectiveness of the Group's risk management and internal control systems and is responsible for directly reporting to the Audit Committee on a regular basis.

Section VIII Corporate Governance Structure and Governance Report

I. Training for the Secretary of the Company

Mr. Xie Xinyu, the secretary of the Company is a fellow of the Hong Kong Institute of Chartered Secretaries (“HKICS”). During the reporting period, Mr. Xie Xinyu attended 1 series of lectures about strengthening the continuing professional development held by HKICS (the total hours: 16 hours), the content of which covers the latest information disclosure regulation policy interpretation; case study on information disclosure; enhanced accountability and accountability of directors and executives of the SFC; the latest amendments to the SEHK’s disclosure requirement on Environmental, Social and Governance Report and its practical guidelines; enterprise value management, etc.

J. Procedures of General Meeting, Procedures for Shareholders to Convene Extraordinary General Meeting and to Make Suggestions at General Meetings

According to Article 89 of the Articles of Association, more than half of the independent directors, shareholders who singly or jointly hold more than 10 per cent of the total voting rights (hereinafter called “Requisitioning Shareholder”) or the Supervisory Committee, may request the Board of Directors to convene an extraordinary general meeting or a class meeting in accordance with the following procedures:

- (1) Upon requisition by more than half of the independent directors to convene an extraordinary general meeting, the Board of Directors must act according to the laws, administrative rules and the Articles of Associations, and provide written reply on whether they agree or disagree to convene the extraordinary general meeting within 10 days of the date of receipt of the proposal. If the Board of Directors agrees to convene an extraordinary general meeting, a notice of general meeting shall be issued within 5 days after such a board resolution is made. If the Board of Directors decline to convene an extraordinary general meeting, reasons must be given and announced.
- (2) Requisitioning Shareholder or the Supervisory Committee may, by signing a written requisition in one or more counterparts in the same form and content (including the agenda for the meeting and completed motion, Requisitioning Shareholder or the Supervisory Committee shall ensure the motion comply with law, regulation and the requirements of the Articles of Association), require the Board of Directors to convene an extraordinary general meeting or a class meeting and state in such written requisition the matters to be considered at the meeting.
- (3) The Board of Directors shall, after receipt of the aforesaid written requisition from the Supervisory Committee, within 15 days issue a notice for convention of extraordinary general meeting or class meeting, the process for convention shall comply with the Articles of Association.
- (4) As regards to the written requisition from the Requisitioning Shareholder for convention of extraordinary general meeting or a class meeting, the Board of Directors shall, based on the law, regulation and the Articles of Association, determine whether to convene general meeting. The decision of the Board of Directors shall be given to the Requisitioning Shareholder within 15 days from the date of the aforesaid written requisition.

Where the Board of Directors consents to the convention of general meeting, they shall give notice of general meeting within 15 days from the date of their resolution. Amendment to the original motion to be stated in the notice shall be agreed by the Requisitioning Shareholder. After the issue of notice, the Board of Directors shall not make any new motion. The Board of Directors shall not change or postpone the time for convention of meeting without consent of the Requisitioning Shareholder.

Section VIII Corporate Governance Structure and Governance Report

Where the Board of Directors is of the opinion that the motion made by the Requisitioning Shareholder is violating the law, regulation and the provisions of the Articles of Association, the Board of Directors shall make the decision for not agreeing to the convention of general meeting or class meeting. The decision of the Board of Directors shall be given to the Requisitioning Shareholder within 15 days from the date of their resolution. The Requisitioning Shareholder may, within 15 days from the date of receipt of notice, decide to give up the convention of general meeting or class meeting, or issue notice of general meeting or class meeting by himself.

- (5) If the Board of Directors fails to issue a notice convening a meeting within 30 days of its receipt of the aforesaid written requisition, the requisitioning shareholders may on their own convene a meeting within 4 months of the receipt of such requisition by the Board of Directors. Such meeting shall be convened in a manner as similar as possible to that of a general meeting convened by the Board of Directors.

All reasonable expenses incurred in relation to a meeting convened by the shareholders which arises from the Board of Directors' failure to convene a meeting pursuant to the requisition shall be borne by the Company and shall be set off against sums owed by the Company to those directors in default.

- (6) When the Supervisory Committee or Requisitioning Shareholder decide to convene extraordinary general meeting or class meeting by itself, it shall give written notice to the Board of Directors and at the same time notify the local agent of China Securities Regulatory Commission and file at the stock exchange in China. The content of the notice for convention of meeting shall comply with the following requirements:
 - (1) New content shall not be added to the motion, otherwise the Supervisory Committee or Requisitioning Shareholder shall make request to the Board of Directors for convention of meeting again in accordance with the provision of the Articles of Association;
 - (2) The venue for the meeting shall be the address of the Company.
- (7) As regards to general meeting or class meeting convened by the Supervisory Committee or Requisitioning Shareholder, the Board of Directors and Secretary of the Board of Directors shall perform their duties. The Board of Directors shall ensure that the procedure of the meeting is regular, and the reasonable costs for convention of meeting shall be borne by the Company.
- (8) Where the Board of Directors is unable to assign a director to be chairman of the meeting, the meeting shall be presided by the Supervisory Committee or the Requisitioning Shareholder according to the Articles of Association. The secretary of the Board of Directors shall perform his duty. Other procedure for summoning of meeting shall comply with the provision of law, regulation and the Articles of Association.
- (9) The Requisitioning Shareholder shall submit relevant evidence to the local agent of China Securities Regulatory Commission and stock exchange in China when issuing a notice of general meeting and announcement of resolutions.

Section VIII Corporate Governance Structure and Governance Report

In addition, according to Article 66 of the Articles of Association, Where the Company convenes general meeting, the Board of Directors, the Supervisory Committee and shareholders, solely or jointly, holding more than 3 per cent. (including 3 per cent) of the total shares of the Company carrying the right to vote are entitled to submit in writing any new proposal for the Company's consideration. The Company shall include in the agenda of that meeting those matters contained in the proposal which are within the scope of the duties of the shareholders in general meeting. Shareholders, solely or jointly, holding more than 3 per cent the total shares of the Company, may on or before the 10 days prior to the holding of a general meeting propose, with written submission to the convener, temporary proposal. The convener shall within 2 days from the date of receipt of such proposal issue a supplementary notice, in respect of the announcement of the contents of the temporary proposal, to the general meeting. Apart from the situation stipulated above, after the announcement of the notice of general meeting, the convener shall not amend proposed resolution stated in notice of the general meeting or to add any new proposed resolution. Any resolution which is not stated in the notice of general meeting or not complied with Article 99 of the Articles of Association shall not be proposed for voting and be resolved.

K. The Method of Raising Enquiries to the Board of Directors

If the shareholders have any enquiries, they can write to the Company. For the address of the Company please refer to Section II "Corporate Profile and Main Financial Indicators" of this annual report; the addressee is the secretary of the Company.

Section IX Report of the Supervisory Committee

In 2020, the Supervisory Committee have strictly complied with the requirements of the Company Law, the Articles of Association of the Company and the Rules of Procedures of Supervisory Committee, performed its duties prudently and exercised its authority independently according to law in order to ensure the regular operation of the Company and to protect the interests of the shareholders and the Company.

The major jobs of the Supervisory Committee during the reporting period include: through holding meetings of the Supervisory Committee, attending general meetings and Board meetings, knowing about and supervising the behaviors of directors, general managers and other senior executives in daily management and in making operational decisions, judging whether their behaviors are legitimate and reasonable; revising the Rules of Procedures of Supervisory Committee according to the latest requirements of relevant laws and regulations; examining carefully the business performance and financial condition of the Company, discussing and checking the financial reports to be submitted to the shareholders' general meeting by the Board of Directors; supervising, examining and coordinating the development, execution and improvement of the Company's internal control. The details are as follows:

I. CONVENING OF MEETINGS OF THE SUPERVISORY COMMITTEE

In 2020, the Supervisory Committee held 6 meetings, the notice, convening and resolutions of which were in accordance with the statutory procedures and the Articles of Association of the Company. It attended 9 Board meetings and 4 shareholders' general meeting. During the reporting period, there was no matters in which the Supervisor representative of the Company negotiates with or sues the Directors.

II. ELECTION OF THE SUPERVISORY COMMITTEE

In August 2020, the term of the 8th Supervisory Committee expired. The Company held the second extraordinary general meeting of shareholders in 2020 on schedule to elect the members of the new Supervisory Committee, and held the first meeting of the ninth Supervisory Committee on time to elect the chairman of the Supervisory Committee, effectively ensuring the stable operation of the Supervisory Committee.

III. AMENDMENTS TO THE RULES OF PROCEDURES OF SUPERVISORY COMMITTEE

In 2020, in order to further improve the corporate governance structure, enhance the level of corporate governance, according to the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Guidelines for Articles of Association of Listed Companies* (《上市公司章程指引》), the Reply of the State Council on the Adjustment of the Notice Period of the General Meeting and Other Matters Applicable to the Overseas Listed Companies* (《國務院關於調整適用在境外上市公司召開股東大會通知期限等事項規定的批覆》) and other relevant laws, regulations and regulatory documents, the Company amended the rules of procedures of supervisory committee based on actual situations. The amendments were reviewed and approved by the third meeting of the 9th Supervisory Committee, and officially came into force after being reviewed and approved by the third extraordinary general meeting of shareholders of the Company.

IV. THE SUPERVISORY OPINIONS ISSUED BY THE SUPERVISORY COMMITTEE

The Supervisory Committee issued the following opinions related to relevant important items such as the regular reports approved by the Board of Directors and the shareholders' meeting, regulatory and management of internal control, etc. in 2020 in accordance with relevant regulations:

Section IX Report of the Supervisory Committee

1. Compliance with laws in operation

During the reporting period, the Supervisory Committee attended all shareholders' meetings and Board meetings as non-voting delegates, performed careful supervision and inspection on the procedures of holding, subject matter of resolutions, signing of written resolutions in relation to the aforementioned meetings, and conducted effective supervision in the whole process on the management behavior of Directors and senior management and the implementation of decisions by the Company.

The Supervisory Committee is of the view that the Company has made business decisions in strict accordance with relevant laws and regulations, operated in accordance with the norm, constantly improved the internal control system, and further improved the corporate governance level; the Directors and senior management were able to perform their duties and implement resolutions passed at general meetings with honesty and diligence, in accordance with the relevant laws and regulations and from the perspective of maintaining the overall interests of the Company and shareholders as a whole; there were no violation of regulations and laws by the Directors and senior management, nor was there abuse of power or damage to the interests of the Company, its shareholders and employees.

2. Financial condition of the Group

During the reporting period, the Supervisory Committee conscientiously performs its function of financial inspection and inspects and supervises the implementation of the company's financial system and business activities review. The Supervisory Committee carefully examined the 2020 consolidated financial statements prepared by the Company and considered that the financial statements accurately reflected the financial situation, operation results and cash-flows of the Group in 2020 in compliance with the provision of the relevant laws, regulations and the Articles of Association.

3. Connected transactions of the Group

The Supervisory Committee reviewed all connected transactions of the Company during the year and forms the opinion that all daily connected transactions in the year were reviewed and performed in strict accordance with the legal procedures. Directors associated with the relevant transactions abstained from voting. The actual transaction amount of the daily connected transaction in 2020 is within the approved limit. The aforesaid connected transactions are normal operational business of the Company out of production and operational needs. The prices of the connected transactions were fair, reasonable and the transactional decision procedures were in compliance with the law and regulations. The transaction price reflects the principle of equitability and fairness. No act which is damaging to the interests of the Company and shareholders was reported.

4. Self-evaluation report on internal control

The Supervisory Committee has conscientiously reviewed the "self-evaluation report on the internal control of 2020" issued by the Board and considers: The internal control system of the Company was sound and its implementation was effective, complied with the requirements of relevant national laws and regulations, complied with the regulatory requirements of the securities regulatory authorities on the management of the internal control system of listed companies and the actual operation of the Company, and no material defects in the design or implementation of internal control were identified. The report gives an objective and fair view of the actual situation of the establishment, perfection and internal control of the Company.

Section IX Report of the Supervisory Committee

V. WORK MAIN POINTS IN 2021

In 2021, the Supervisory Committee will strictly comply with the requirements of relevant laws, regulations and rules, strengthen the implementation of the supervision function, fulfill its duties, further promote the improvement of the corporate governance structure and the standard of operation and management, and seriously safeguard the legitimate rights and interests of the Company and its shareholders. The details are as follows:

- (1) **Do a solid job in daily supervision.** Hold meetings of the Supervisory Committee according to the actual needs of the Company, and do a good job in the review of various topics; Conduct serious investigation and study on various topics and put forward reasonable suggestions in time through non-voting attendance at board meetings; According to the relevant requirements of the regulatory authorities of listed companies, conscientiously complete various special audit, inspection, supervision and evaluation activities, and issue special inspection opinions.
- (2) **Strengthen supervision over the Company's investment, property disposal, acquisition and merger, related transactions and other major matters.** With financial supervision as the core, timely understand and grasp the Company's financial statements and audit and other relevant data, pay attention to the analysis of the statement of important items and the main indicator changes, major changes and their reasons, track and check the relevant major matters, timely prevent and defuse risks, and further promote the effective implementation of the internal control system.
- (3) **Strengthen the self-improvement of the Supervisory Committee.** Earnestly study the relevant laws and regulations, and actively take part in the training course organized by regulators, improve professional quality, continuously improve the way of supervision, trying to explore effective methods for aspects such as business guidance, information communication and interaction between the Company and the Supervisory Committee, establishing joint working mechanism, using the supervision results to form combined force of supervision, enhance supervision efficiency, improve the level of supervision, to protect the sustainable and healthy development of the Company.

Xu Zhen

Chairman of the Supervisory Committee

Hefei, Anhui, the PRC
26 March 2021

Independent Auditor's Report

To the Shareholders of Anhui Expressway Company Limited
(incorporated in the People's Republic of China with limited liability)

OPINION

What we have audited

The consolidated financial statements of Anhui Expressway Company Limited (the "Company") and its subsidiaries (the "Group") set out on pages 137 to 225, which comprise:

- the consolidated balance sheet as at 31 December 2020;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated cash flow statement for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Independent Auditor's Report

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSA”) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of this report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report

A key audit matter is identified in our audit as follows:

Key Audit Matter

How our audit addressed the Key Audit Matter

Accounting treatments on concession intangible assets

Refer to Note 4 “Critical accounting estimates and judgements” and Note 5 “Concession intangible assets” to the consolidated financial statements

As at 31 December 2020, total concession intangible assets amounted to approximately RMB 10,617,626 thousand, which accounted for 65% of total assets. For the year ended 31 December 2020, the additions and amortisation of concession intangible assets amounted to approximately RMB 81,737 thousand and RMB 599,549 thousand respectively.

Construction costs including capitalised borrowing costs are initially recognised as concession intangible assets. Management calculates the capitalised borrowing costs at each year end based on capitalisation rate, which requires significant judgements and assumptions to be made to determine the weighted average of the borrowing rates applicable to the Group's borrowings during the year.

Meanwhile, management amortises the concession intangible assets when the respective underlying toll roads start operation using the straight-line method over the concession years granted, which also requires significant judgements and assumptions to be made to determine the concession years especially for those newly set-up concession assets.

We understood management's policies and processes, evaluated and tested the controls in relation to the capitalisation of related costs as concession intangible assets and management's estimation of the related capitalisation rate, amortisation years and impairment assessment.

In addition, for concession intangible assets' initial recognition and subsequent measurement, individually or in aggregate, we have inspected management's assessment and performed the following audit procedures in the current year:

- understood, evaluated and tested management's controls in connection with concession intangible assets' daily management and accounting treatments;
- verified accuracy, completeness and existence of the additions of concession intangible assets in the current year as follows:
 - confirmed on a targeted basis significant construction payable transactions and balances with suppliers;
 - inspected on a sampling basis the accuracy of additions in concession intangible assets by examining the construction settlement certificates;
 - searched for unrecorded liabilities by inspecting subsequent payments and invoices.

Independent Auditor's Report

Key Audit Matter

How our audit addressed the Key Audit Matter

Accounting treatments on concession intangible assets (continued)

The concession intangible assets are stated at the fair value of the construction service provided less accumulated amortisation and impairment losses. Where the carrying amount of the concession intangible assets is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount, which also requires significant judgements and assumptions to be made during management's impairment assessment.

We focus on accounting treatments on concession intangible assets because of the significance of such assets to the consolidated financial statements together with the involvement of significant management's judgements and assumptions.

- obtained management's assessment on the determination of the weighted average of the borrowing rates and compared borrowing rates with borrowing agreements;
- verified the accuracy of capitalised borrowing costs;
- assessed the reasonableness of amortisation years;
- recalculated the amortisation charges of concession intangible assets for the year;
- assessed the management's impairment review on concession intangible assets.

We found that the initial recognition, including capitalised borrowing costs, and subsequent measurement including amortisation years and management's impairment assessment of concession intangible assets are supported by the evidence we obtained.

Independent Auditor's Report

OTHER INFORMATION

The directors of the Company are responsible for the other information as set out in the Company's 2020 annual report. The other information comprises the information included in the important notice, definitions, corporate profile and main financial indicators, and directors, supervisors, senior management and staff (but does not include the consolidated financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the corporate business summary, report of the board of directors, major events, change of ordinary shares and shareholders, corporate governance structure and governance report, environmental, social and governance report, report of the supervisory committee, documents available for inspection and appendix, which are expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the corporate business summary, report of the board of directors, major events, change of ordinary shares and shareholders, corporate governance structure and governance report, environmental, social and governance report, report of the supervisory committee, documents available for inspection and appendix, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the audit committee and take appropriate action considering our legal rights and obligations.

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Independent Auditor's Report

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The audit committee is responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Independent Auditor's Report

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with the audit committee all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Lee Chung Bor.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 26 March 2021

Consolidated balance sheet

As at 31 December 2020
(All amounts in Renminbi thousand unless otherwise stated)

		As at 31 December	
	Note	2020	2019
ASSETS			
Non-current assets			
Concession intangible assets	5	10,617,626	11,219,787
Right-of-use assets	6	7,571	8,334
Property, plant and equipment	7	1,164,810	1,126,224
Investment properties	8	396,056	381,919
Intangible assets	9	2,068	3,812
Investment in associates	11	136,982	135,542
Deferred income tax assets	24	19,387	34,686
Financial assets at fair value through profit or loss (“financial assets at FVPL”)	13	259,326	–
Financial assets at fair value through other comprehensive income (“financial assets at FVOCI”)	12	118,326	315,531
		12,722,152	13,225,835
Current assets			
Inventories	15	6,160	5,678
Other current assets		4,666	3,213
Receivables and prepayments	14	159,438	206,163
Financial assets at FVPL	13	1,104,490	422,317
Time deposits with original maturity over three months	16	321,683	201,792
Cash and cash equivalents	16	1,967,754	1,905,261
		3,564,191	2,744,424
Total assets		16,286,343	15,970,259
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Ordinary share capital	17	1,658,610	1,658,610
Share premium	17	1,415,593	1,415,593
Other reserves	18	35,952	35,040
Retained earnings		8,204,302	7,669,056
		11,314,457	10,778,299
Non-controlling interests	10(f)	637,193	831,105
Total equity		11,951,650	11,609,404

Consolidated balance sheet (continued)

As at 31 December 2020

(All amounts in Renminbi thousand unless otherwise stated)

	Note	As at 31 December	
		2020	2019
LIABILITIES			
Non-current liabilities			
Long-term payables	23	522,905	392,500
Borrowings	21	1,641,975	1,812,698
Deferred income tax liabilities	24	20,960	25,747
Deferred income	19	24,486	26,409
		2,210,326	2,257,354
Current liabilities			
Trade and other payables	20	1,244,863	1,611,403
Current income tax liabilities		256,810	157,785
Provision	22	35,219	39,114
Borrowings	21	587,475	295,199
		2,124,367	2,103,501
Total liabilities		4,334,693	4,360,855
Total equity and liabilities		16,286,343	15,970,259

The notes on pages 143 to 225 are an integral part of these consolidated financial statements.

The consolidated financial statements on pages 137 to 225 were approved by the Board of Directors on 26 March 2021 and were signed on its behalf by:

Director (項小龍)

Director (唐軍)

Consolidated income statement

For the year ended 31 December 2020
(All amounts in Renminbi thousand unless otherwise stated)

	Note	Year ended 31 December	
		2020	2019
Revenue	26	2,714,269	4,640,431
Cost of sales	28	(1,408,077)	(3,000,344)
Gross profit		1,306,192	1,640,087
Other income and gains - net	27	162,485	121,910
Administrative expenses	28	(102,616)	(99,471)
Net impairment reversal on financial assets	29	814	2,838
Operating profit		1,366,875	1,665,364
Finance costs	31	(119,343)	(118,832)
Share of (loss)/profit of associates	11	(1,560)	3,610
Profit before income tax		1,245,972	1,550,142
Income tax expenses	32	(382,162)	(498,180)
Profit for the year		863,810	1,051,962
Attributable to:			
Owners of the Company		916,104	1,089,855
Non-controlling interests		(52,294)	(37,893)
		863,810	1,051,962
Basic and diluted earnings per share (expressed in RMB per share)	33	0.5523	0.6571

The notes on pages 143 to 225 are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

For the year ended 31 December 2020

(All amounts in Renminbi thousand unless otherwise stated)

	Note	Year ended 31 December	
		2020	2019
Profit for the year		863,810	1,051,962
Other comprehensive income/(loss):			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Change in value of financial assets at FVOCI, net of tax	12, 24	1,534	(15,577)
Total comprehensive income for the year		865,344	1,036,385
Attributable to:			
Owners of the Company		917,638	1,074,278
Non-controlling interests		(52,294)	(37,893)
		865,344	1,036,385

The notes on pages 143 to 225 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

For the year ended 31 December 2020
(All amounts in Renminbi thousand unless otherwise stated)

	Note	Attributable to owners of the Company			Retained earnings	Non-controlling interests	Total
		Ordinary share capital (Note 17)	Share premium (Note 17)	Other reserves			
Balance at 1 January 2019		1,658,610	1,415,593	51,533	6,992,938	510,433	10,629,107
Comprehensive income							
Profit for the year		-	-	-	1,089,855	(37,893)	1,051,962
Other comprehensive loss							
- Fair value losses on financial assets at FVOCI, net of tax	12, 24	-	-	(15,577)	-	-	(15,577)
Total comprehensive (loss)/income		-	-	(15,577)	1,089,855	(37,893)	1,036,385
Transactions with owners							
Dividends relating to 2018	34	-	-	-	(414,653)	-	(414,653)
Dividends paid to non-controlling interests of subsidiaries relating to 2018		-	-	-	-	(142,635)	(142,635)
Others	18	-	-	(916)	916	-	-
Debt conversion	23(a)	-	-	-	-	501,200	501,200
Balance at 31 December 2019		1,658,610	1,415,593	35,040	7,669,056	831,105	11,609,404
Balance at 1 January 2020		1,658,610	1,415,593	35,040	7,669,056	831,105	11,609,404
Comprehensive income							
Profit for the year		-	-	-	916,104	(52,294)	863,810
Other comprehensive income							
- Fair value income on financial assets at FVOCI, net of tax	12, 24	-	-	1,534	-	-	1,534
Total comprehensive income/(loss)		-	-	1,534	916,104	(52,294)	865,344
Transactions with owners							
Dividends relating to 2019	34	-	-	-	(381,480)	-	(381,480)
Dividends paid to non-controlling interests of subsidiaries relating to 2019		-	-	-	-	(141,618)	(141,618)
Others	18	-	-	(622)	622	-	-
Balance at 31 December 2020		1,658,610	1,415,593	35,952	8,204,302	637,193	11,951,650

The notes on pages 143 to 225 are an integral part of these consolidated financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December 2020

(All amounts in Renminbi thousand unless otherwise stated)

	Note	Year ended 31 December	
		2020	2019
Cash flows from operating activities			
Cash generated from operations	36	1,703,721	1,165,505
Interest paid		(93,655)	(102,763)
Income tax paid		(273,136)	(450,946)
Net cash generated from operating activities		1,336,930	611,796
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(232,308)	(126,189)
Purchase of intangible assets	9	(93)	(2,115)
Capital injection to associates	11	(3,000)	(3,000)
Net increase in restricted cash	16	(119,891)	(141,792)
Purchase of financial assets at FVPL	3.3	(5,720,000)	(1,573,100)
Proceeds from disposal of financial assets at FVPL	3.3	5,083,178	1,162,674
Proceeds from disposal of property, plant and equipment		687	300
Proceeds from disposal of intangible assets		–	100
Interest received		34,964	74,501
Dividends received from an associate		44,819	–
Dividends received from financial assets at FVPL		5,314	–
Dividends received from financial assets at FVOCI		12,583	–
Net cash used in investing activities		(893,747)	(608,621)
Cash flows from financing activities			
Proceeds from bank borrowings		405,000	545,000
Proceeds from long-term payables	23	174,428	–
Repayments of bank borrowings		(283,447)	(145,688)
Repayments of long-term payables	23	(153,320)	(393,465)
Dividends paid to the non-controlling interests		(141,618)	(142,635)
Dividends paid to the Company's shareholders	34	(381,480)	(414,653)
Net cash used in financing activities		(380,437)	(551,441)
Net increase/(decrease) in cash and cash equivalents			
Cash and cash equivalents at beginning of the year		1,905,261	2,453,475
Exchange (losses)/gains on cash and cash equivalents		(253)	52
Cash and cash equivalents at end of the year		1,967,754	1,905,261

The notes on pages 143 to 225 are an integral part of these consolidated financial statements.

Consolidated Financial Statements

For the year ended 31 December 2020
(All amounts in Renminbi thousand unless otherwise stated)

1 GENERAL INFORMATION

Anhui Expressway Company Limited (the “Company”) was incorporated in the People’s Republic of China (the “PRC”) on 15th August 1996 as a joint stock limited company. The Company and its subsidiaries (the “Group”) are principally engaged in the construction, operation, management and development of the toll roads and associated service sections in the Anhui Province. Besides, the Group has commenced to operate pawn business since 2012.

The Company’s H shares and A shares have been listed on the Stock Exchange of Hong Kong Limited and the Shanghai Stock Exchange since November 1996 and January 2003 respectively. The address of its registered office is No. 520, West Wangjiang Road, Hefei, Anhui, the PRC.

As at 31 December 2020, the Group’s toll roads and concession period granted are shown as follows:

Toll road	Length kilometres	Concession periods granted
Hening Expressway (i)	134	From 16 August 1996 to 15 August 2031
National Trunk 205 Tianchang Section	30	From 1 January 1997 to 31 December 2026
Xuanguang Expressway	67	From 1 January 1999 to 31 December 2028
Gaojie Expressway	110	From 1 October 1999 to 30 September 2029
Lianhuo Expressway Anhui Section	54	From 1 January 2003 to 30 June 2032
Xuanguang Expressway Nanhuan Section	17	From 1 September 2003 to 31 December 2028
Ninghuai Expressway Tianchang Section	14	From 18 December 2006 to 17 June 2032
Guangci Expressway	14	From 20 July 2004 to 20 July 2029
Ningxuanhang Expressway Xuancheng to Ningguo Section	46	From 8 September 2013 to 7 September 2043
Ningxuanhang Expressway Ningguo to Qianqiuguan Section (ii)	40	From 19 December 2015 to 18 December 2045
Ningxuanhang Expressway Liqiao to Xuancheng Section (iii)	27	From 30 December 2017 to 29 December 2022

- (i) The expansion project of Hening Expressway was officially opened to traffic in December 2019 and the temporary granted concession period for the expansion is 5 years since the end of original concession period (15 August 2026). Concession intangible assets are amortized over 25 years since January 2020 temporarily before the formal concession period is granted, which is estimated by the Group and will be determined according to future assessment and relevant provisions.
- (ii) In 2015, Ningxuanhang Expressway Ningguo to Qianqiuguan Section was officially opened to traffic. The length of toll road is 40 kilometres. The formal concession period is 30 years starting from 19 December 2015, granted by local government on 17 December 2020.
- (iii) In 2017, Ningxuanhang Expressway Liqiao to Xuancheng Section was officially opened to traffic. The length of toll road is 27 kilometres and the temporary granted concession period is 5 years starting from 30 December 2017. Concession intangible assets are amortised over 30 years temporarily before the formal granted concession period is granted, which is estimated by the Group and will be determined according to future assessment and relevant provisions.

Consolidated Financial Statements

For the year ended 31 December 2020
(All amounts in Renminbi thousand unless otherwise stated)

1 GENERAL INFORMATION (CONTINUED)

Following the outbreak of Coronavirus Disease 2019 (“the COVID-19 outbreak”) in early 2020, a few notices were issued by the Ministry of Transport of the People’s Republic of China (“the MOT”) to implement the precautionary and control measures. According to these notices, the Group extended the toll-free period of Chinese New Year for small passenger vehicles from 30 January 2020 to 8 February 2020, and the expressways operated by the Group were toll-free from 17 February 2020 to 5 May 2020, which led to adverse impact on the toll revenue in 2020. Apart from the aforesaid impact, the COVID-19 outbreak did not have other significant impact on these consolidated financial statements.

These consolidated financial statements are presented in thousand of Renminbi (“RMB’000”), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 26 March 2021.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”) and disclosure requirements of the Hong Kong Companies Ordinance Cap.622.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

2.1.1 Changes in accounting policies and disclosures

(a) *New amendments and interpretation of HKFRSs effective in 2020 adopted by the Group*

The following new amendments and interpretation of HKFRSs have been adopted by the Group for the first time for its financial year beginning on 1 January 2020:

- Amendments to HKAS 1 and HKAS 8 regarding definition of material
- Amendments to HKFRS 3 regarding definition of a business
- Amendments to HKFRS 7, HKFRS 9 and HKAS 39 regarding hedge accounting
- Revised Conceptual Framework for Financial Reporting

The amendments and interpretation listed above did not have any impact on the consolidated financial statements of the Group.

Consolidated Financial Statements

For the year ended 31 December 2020
(All amounts in Renminbi thousand unless otherwise stated)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

2.1.1 Changes in accounting policies and disclosures (Continued)

(b) *New standard and amendments of HKFRSs issued but are not yet effective for the financial year beginning on 1 January 2020 and have not been early adopted by the Group*

A number of new standard and amendments of HKFRSs which are relevant to the Group's operations are effective for the financial year beginning after 1 January 2020 and have not been applied in preparing these consolidated financial statements. The Group intends to adopt them no later than the respective effective dates of these new standard and amendments. These new standard and amendments are set out below:

- Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16 regarding interest rate benchmark reform – phase 2, effective for annual accounting periods beginning on or after 1 January 2021
- Annual Improvements to HKFRSs 2018–2020, effective for annual accounting periods beginning on or after 1 January 2022
- Amendments to HKFRS 3, HKAS 16 and HKAS 37 regarding narrow-scope amendments, effective for annual accounting periods beginning on or after 1 January 2022
- Amendments to HKFRS 16 regarding Covid-19-related rent concessions, effective for annual accounting periods beginning on or after 1 June 2020
- Amendments to AG 5 “Merger Accounting for Common Control Combinations”, effective for annual accounting periods beginning on or after 1 January 2022
- Amendments to HKAS 1 regarding classification of liabilities as current or non-current, effective for annual accounting periods beginning on or after 1 January 2023
- HKFRS 17 “Insurance Contracts” and amendments to HKFRS 17, effective for annual accounting periods beginning on or after 1 January 2023
- Amendments to HK Int 5 (2020) “Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause”, effective only when an entity applies the Amendments to HKAS 1
- Amendments to HKFRS 10 and HKAS 28 regarding sale or contribution of assets between an investor and its associate or joint venture. The amendments were originally intended to be effective for annual accounting periods beginning on or after 1 January 2016. The effective date has now been deferred/removed.

The Group is assessing the full impact of these new standard and amendments. According to the preliminary assessment, none of these is expected to have a significant impact on the consolidated financial statements of the Group.

Consolidated Financial Statements

For the year ended 31 December 2020
(All amounts in Renminbi thousand unless otherwise stated)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Subsidiaries

2.2.1 Consolidation

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(a) *Business combinations*

(i) *Business combinations under common control*

The consideration paid and net assets obtained by the absorbing party in a business combination are measured at the carrying amount. The difference between the carrying amount of the net assets obtained from the combination and the carrying amount of the consideration paid for the combination is treated as an adjustment to merger reserve. If the merger reserve is not sufficient to absorb the difference, the remaining balance is adjusted against retained earnings. Costs directly attributable to the combination are included in profit or loss in the period in which they are incurred. Transaction costs associated with the issue of equity or debt securities for the business combination are included in the initially recognised amounts of the equity or debt securities.

(ii) *Business combinations not under common control*

The Group applies the acquisition method to account for business combinations not under common control. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interests in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Consolidated Financial Statements

For the year ended 31 December 2020
(All amounts in Renminbi thousand unless otherwise stated)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Subsidiaries (Continued)

2.2.1 Consolidation (Continued)

(a) **Business combinations (Continued)**

(ii) **Business combinations not under common control (Continued)**

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interests in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(b) **Changes in ownership interests in subsidiaries without change of control**

Transactions with non-controlling interest that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interest are also recorded in equity.

(c) **Disposal of subsidiaries**

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2.2.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the company on the basis of dividend and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

Impairment testing of the investments in subsidiaries is also required according to Note 2.10.

Consolidated Financial Statements

*For the year ended 31 December 2020
(All amounts in Renminbi thousand unless otherwise stated)*

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Associates

An associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the consolidated income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to "share of profit of an associate" in the consolidated income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the consolidated financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Gain or losses on dilution of equity interests in associates are recognised in the consolidated income statement.

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Strategic Development and Investment Committee that makes strategic decisions.

The Strategic Development and Investment Committee is the Group's chief operating decision-maker. Management has determined the operating segments based on the information reviewed by the Strategic Development and Investment Committee for the purposes of allocating resources and assessing performance.

Consolidated Financial Statements

For the year ended 31 December 2020
(All amounts in Renminbi thousand unless otherwise stated)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Segment reporting (Continued)

The Group's operations are mainly organized under the following two business segments:

- Toll roads services, including construction, operation, management and development of toll roads; and
- Pawn services, including pawn loan services.

The revenue, profit or loss and assets of the pawn services business were much less than 10% of the relevant combined totals. The Group considered that it is not meaningful to treat the pawn services business as separate reportable operating segment and since there are no other significant businesses other than the toll road services, no segment information is presented in these consolidated financial statements.

The Group is domiciled in Anhui Province, the PRC. Its revenue is generated from Anhui Province, the PRC. As at 31 December 2020 and 2019, all non-current assets of the Group are located in the PRC.

2.5 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Renminbi ("RMB"), which is the Group's and the Company's presentation and functional currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated income statement within "finance costs". All other foreign exchange gains and losses are presented in the consolidated income statement on a net basis within "other income and gains – net".

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss ("FVPL") are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as financial assets at FVOCI are recognised in other comprehensive income.

Consolidated Financial Statements

*For the year ended 31 December 2020
(All amounts in Renminbi thousand unless otherwise stated)*

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Service concession arrangements

The Group has entered into contractual service arrangements with local government authorities (“the Grantor”) for its participation in the construction, development, financing, operation and maintenance of various toll road infrastructures. Under these arrangements, the Group carries out the construction or upgrade work of toll roads for the granting authorities from the Grantor and receives in exchange of a right to operate the toll roads concerned and entitlement to the toll collection from users of the toll road services (the “Service Concessions”). The Group recorded the assets under the Service Concessions, including toll roads and associated land use rights, as “concession intangible assets” on the consolidated balance sheet, to the extent that it received a right to charge users of the public service. The Group doesn’t have obligation to return the assets other than toll roads and associated land use rights to the Grantor at the concession period end.

The Group account for revenue and costs relating to construction or upgrade work under the Service Concessions in accordance with HKFRS 15 and account for revenue and costs relating to operation services under the Service Concessions in accordance with HKFRS 15. Please refer to Note 2.24(b) and (d) for details.

Concession intangible assets are stated at cost, that is, the fair value of the consideration in exchange for the construction services provided under the service concession arrangements, less accumulated amortisation and impairment losses.

The amortisation of concession intangible assets is calculated using the straight-line method to allocate cost over the concession periods granted (Note 1).

Where the carrying amount of the concession intangible assets is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount (Note 2.10).

The concession periods are approved by the Grantor therefore the Group does not have renewal or termination option for the concession periods granted. At the end of concession period, the Group has to return these concession intangible assets to the Grantor at specific conditions required by the law for toll roads. The Group does not have rights to receive specified assets at the end of concession period.

The re-pricing right of above toll roads is owned by the Grantor.

As part of its obligations under the respective Service Concessions, the Group assumes responsibility for maintenance and resurfacing of the toll roads it manages. Please refer to Note 2.22 for details. Other than the aforementioned, the Group does not have obligations to acquire or build items of property, plant and equipment for toll road services.

Consolidated Financial Statements

For the year ended 31 December 2020
(All amounts in Renminbi thousand unless otherwise stated)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are expensed in the consolidated income statement during the financial period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate cost over their estimated useful lives, after taking into account an estimated residual value, as follows:

Buildings	11 to 30 years
Safety, communication and signalling equipment	10 years
Toll stations and ancillary equipment	7 years
Motor vehicles	9 years
Other machinery and equipment	6 to 9 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.10).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "other income and gains – net" in the consolidated income statement.

Construction in progress represents property, plant and equipment under construction or installation and is stated at cost less accumulated impairment losses. Construction in progress is not depreciated until such time when the assets are completed and ready for their intended use.

2.8 Investment properties

Investment properties, principally comprising buildings, are held for long-term rental yields or for capital appreciation or both, and that are not occupied by the Group. It also includes properties that are being constructed or developed for future use as investment properties.

Investment properties are initially measured at cost, including related transaction costs and where applicable borrowing costs. After initial recognition, the Group chooses the cost method to measure its investment property. Investment properties are stated at cost less accumulated depreciation and accumulated impairment loss.

Consolidated Financial Statements

For the year ended 31 December 2020
(All amounts in Renminbi thousand unless otherwise stated)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Investment properties (Continued)

Depreciation is calculated using the straight-line method to write off the cost of each investment property over its expected useful life, after taking into account an estimated residual value, as follows:

Investment properties	25 or 30 years
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The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.10).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "other income and gains – net" in the consolidated income statement.

Transfers to, or from, investment property shall be made when, and only when, there is a change in use, evidenced by:

- commencement of owner-occupation, for a transfer from investment property to owner-occupied property; or
- end of owner-occupation, for a transfer from owner-occupied property to investment property.

2.9 Intangible assets – acquired computer software licenses

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of five years.

2.10 Impairment of non-financial assets

Assets that have an indefinite useful life or have not ready for use are not subject to amortisation and are tested annually for impairment. Assets that are not subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Financial assets

2.11.1 Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income (“OCI”) or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity’s business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

2.11.2 Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

2.11.3 Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial assets. Transaction costs of financial assets at FVPL are expensed in profit or loss.

(a) Debt instruments

Subsequent measurement of debt instruments depends on the Group’s business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated income statement.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Financial assets (Continued)

2.11.3 Measurement (Continued)

(a) Debt instruments (Continued)

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the consolidated income statement.
- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

(b) Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other gains when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the consolidated income statement as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

2.11.4 Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Inventories

Inventories mainly comprise materials and spare parts for the repair and maintenance of toll roads. The inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. Net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

2.13 Other receivables

Other receivables mainly consist of pawn loans due from customers for operation of pawn business, toll roads income receivable from expressway fee settlement centres, which collect tolls from customers and then settle with the Group. If collection of other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Other receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the other receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See Note 2.11.4 for a description of the Group's impairment policies on financial assets which are applicable to other receivables.

2.14 Cash and cash equivalents

In the consolidated cash flow statement, cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

2.15 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.16 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.18 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.19 Current and deferred income tax

The tax expense for the period comprises current and deferred income tax. Tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Current and deferred income tax (Continued)

(b) Deferred income tax

Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax liabilities are not recognised if they arise from the initial recognition of goodwill, and the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally, the Group is unable to control the reversal of the temporary difference for associates. Only when there is an agreement in place that gives the group the ability to control the reversal of the temporary difference in the foreseeable future, deferred tax liability in relation to taxable temporary differences arising from the associate's undistributed profits is not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries and associates only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the consolidated income statement over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to assets are included in non-current liabilities as deferred income and are credited to the consolidated income statement on a straight-line basis over the expected lives of the related assets.

2.21 Employee benefits

(a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(b) Post-employment obligations

Each company of the Group contributes on a monthly basis to defined contribution plans in the PRC based on a percentage of the relevant employee's monthly salaries. In addition, the employees of the Group also enter into supplementary pension scheme on a voluntary basis. The Group is required to make annual contributions to an independent fund management company equivalent to the basic monthly salary, subject to certain ceiling, in respect of its employees. The Group's contributions to defined contributions plans are expensed as incurred. The Group has no legal or constructive obligations to pay further contributions even if the schemes do not hold sufficient assets to pay all employees the benefits relating to employee in the current and prior years.

(c) Termination benefits

Termination benefits are payable when employment is terminated by the group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits at the earlier of the following dates: (a) when the group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of HKAS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Provisions

Provisions for maintenance and resurfacing of the toll roads are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.23 Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Leases (Continued)

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and
- makes adjustments specific to the lease, eg term, country, currency and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the group entities use that rate as a starting point to determine the incremental borrowing rate.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Leases (Continued)

The Group leases lands. All land in the PRC is state-owned or collectively-owned and no individual land ownership exists. The Group acquires the right to use certain land. The lands associated with Service Concessions are recorded as concession intangible assets as described in Note 2.6. For other lands, the premiums paid for such right are treated as prepayment for the lease and recognised as right-of-use assets.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets comprise vehicles.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the consolidated balance sheet based on their nature. The Group did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Extension and termination options are included in a number of land leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

To optimise lease costs during the contract period, the Group sometimes provides residual value guarantees in relation to equipment leases.

2.24 Revenue recognition

(a) Toll income from toll roads operation

Toll income from toll roads operation is recognised on a receipt basis.

(b) Revenue from construction and upgrade work under the Service Concessions

Revenue from construction and upgrade work under the Service Concessions is measured at the fair value of the consideration, where total income and expenses associated with the construction contract and the progress towards complete satisfaction of the performance obligation can be determined reliably. The progress towards complete satisfaction of the performance obligation is measured by reference to the contract costs incurred up to the balance sheet date as a percentage of total estimated costs for each contract.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 Revenue recognition (Continued)

(c) Dividend income

Dividend income is recognised when the right to receive payment is established.

(d) Service income

Service income is recognised when the service has been rendered.

(e) Rental income

Operating lease rental income is recognised on a straight-line basis over the lease period.

(f) Interest income from pawn loans to customers

Interest income from pawn loans to customers is recognised on a time-proportion basis using the effective interest method.

2.25 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the Company's shareholders.

2.26 Enterprise safety fund

According to the regulations of the PRC, the Group is required to accrue 1% of its toll income of prior year as enterprise safety fund from 1 January 2004 onwards unless the accrued balance exceeds 1.5% of toll income of prior year. The fund can only be used for improvements of the safety of its toll roads. Accruals to the fund are treated as an appropriation to reserves, which will be reversed to retained earnings upon utilisation.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: foreign exchange risk, credit risk, liquidity risk and cash flow and fair value interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

Risk management is carried out by finance department under policies approved by the board of directors. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as credit risk and investment of excess liquidity.

The Group's activities do not expose it to significant foreign exchange risk because it principally operates in the PRC and RMB is the currency of the primary economic environment in which the Group operates.

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3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

The Group's activities do not expose it to significant price risk because the Group's investments in financial assets is unquoted equity shares, which is not directly related to the changes in market price of securities. The Group is not exposed to commodity price risk either.

(a) Foreign exchange risk

The Group's major operational activities are carried out in Mainland China and a majority of the transactions are denominated in RMB. The Group is exposed to foreign exchange risk arising from foreign currency exposures, primarily with respect to the Hong Kong dollar ("HKD"). Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. To manage their foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, entities in the group use forward contracts, transacted with the Group treasury. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

Exposure

The Group's exposure to foreign currency risk at the end of the reporting period, expressed in RMB, was as follows:

	As at 31 December	
	2020 HKD	2019 HKD
Cash and cash equivalents	2,258	2,388
Trade and other payables	30	–
	2,288	2,388

At 31 December 2020, if RMB had strengthened/weakened by 10% against HKD with all other variables held constant, post-tax profit for the year would have been RMB182 thousand lower/higher (31 December 2019: RMB194 thousand).

(b) Credit risk

The Group's credit risk mainly arises from deposits with banks and other receivables (including pawn loans to customers).

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3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(i) Deposits with banks

The table below shows the cash at bank balances (including time deposits with original maturity over three months) of the Group as at 31 December 2020 and 2019:

Counterparties	As at 31 December	
	2020	2019
Major financial institutes	2,289,437	2,107,049

The Group has policies to place its deposits only with major financial institutions. As at 31 December 2020 and 2019, most of cash was deposited with major financial institutions in Mainland China and Hong Kong. The Group's management does not expect any material loss from non-performance by these counterparties.

(ii) Other financial assets at amortised cost

Other financial assets at amortised cost include other receivables (including pawn loans to customers). Except for pawn loans, other receivables are mainly due from related parties and government, and are considered be low credit risk where they have a low risk of default and the counterparty has a strong capacity to meet its contractual cash flow obligations in the near term.

The closing impairment allowances for other receivables as at 31 December 2020 and 2019 reconcile to the opening impairment allowances as follows:

	Other receivables	
	2020	2019
Beginning of the year	(100,432)	(126,556)
Impairment loss reversed (Note 29)	814	2,838
Other receivables written-off as uncollectible	65,548	23,286
End of the year	(34,070)	(100,432)

Hefei Wan Tong Pawn Co., Ltd. (“合肥皖通典当有限公司”, “Wan Tong Pawn”), the Company's subsidiary, is engaged in pawn business. Wan Tong Pawn's business takes on exposure to credit risk, which is the risk that a counterparty will cause a financial loss for the Group by failing to discharge on obligation. Significant changes in the economy, or in the healthiness of a particular industry segment in which the Wan Tong Pawn's loans receivable portfolio has concentration, could result in losses that are different from those provided for at the balance sheet date. Management therefore carefully manages its exposure to above credit risk.

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3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Other financial assets at amortised cost (Continued)

Wan Tong Pawn employs a range of policies and practices to mitigate the credit risk. For Wan Tong Pawn's business, the most traditional of these is the taking of specific classes of collateral from customers. The principal collateral types for pawn loans to customers are:

- Real estate;
- Forest rights;
- Equity instruments, mainly equity interests in unlisted companies which are typically related to the borrowers; and
- Accounts receivable and other property rights.

All pawn loans granted are backed by collateral as security. Wan Tong Pawn also focuses on ascertaining legal ownership and the valuation of the real estate collaterals. A loan granted is based on the value of the collaterals. Wan Tong Pawn monitors the value of the collaterals throughout the loan period.

Further to collateral held as security for pawn loans, Wan Tong Pawn introduces other credit enhancement measures for equity interests backed loans, primarily third party guarantee against the security of loan repayment, taking into consideration the borrower's repayment ability, repayment records, collateral status, financial performance, industry outlook and competition, etc.

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3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Other financial assets at amortised cost (Continued)

The table below shows Wan Tong Pawn's gross amounts of loans to customers and the associated impairment allowances by collateral type:

	As at 31 December	
	2020	2019
Pawn loans to customers		
– Real estate backed pawn loans	53,380	74,472
– Accounts receivable backed pawn loans	2,000	2,000
– Forest rights backed pawn loans	–	39,571
– Equity interests backed pawn loans	–	17,250
– Combination of real estate and equity interest backed pawn loans	–	9,105
	55,380	142,398
Less: Impairment allowances		
– Real estate backed pawn loans	(29,949)	(30,173)
– Accounts receivable backed pawn loans	(2,000)	(2,000)
– Forest rights backed pawn loans	–	(39,571)
– Equity interests backed pawn loans	–	(17,250)
– Combination of real estate and equity interest backed pawn loans	–	(8,696)
	(31,949)	(97,690)
	23,431	44,708

Wan Tong Pawn's management determines whether objective evidence of higher credit risk exists, based on the criteria set out as following:

- Delinquency in contractual payments of principal or interest;
- Cash flow difficulties experienced by the borrower;
- Breach of loan covenants or conditions;
- Initiation of bankruptcy proceedings;
- Deterioration of the borrower's competitive position;
- Deterioration in the value of collateral; and
- Filing of a lawsuit against the borrower.

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3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Other financial assets at amortised cost (Continued)

Wan Tong Pawn's credit risk management policies require the review of individual outstanding loans secured by real estate, equity interests and accounts receivable collateral at least semi-annually or more regularly when individual circumstances require. Impairment allowances on individually assessed accounts are determined by an evaluation of the incurred loss at balance sheet date on a case-by-case basis. The assessment normally encompasses collateral held and the anticipated receipts for that individual account, taking into account the borrower's repayment ability, repayment records, collateral status, financial performance, industry outlook and competition, and the financial standing of the third party guarantor, etc.

Collectively assessed impairment allowances are provided for: (i) portfolios of outstanding loans that have been individually assessed with no objective evidence of impairment by homogenous collateral type; and (ii) loss that have been incurred but have not yet been identified, by using the available historical experience, experienced judgment and statistical techniques.

Maximum exposure to credit risk before collateral held or other credit enhancements are as follows:

	As at 31 December	
	2020	2019
Pawn loans to customers:		
– Real estate backed pawn loans	23,431	44,299
– Forest rights backed pawn loans	–	–
– Equity interests backed pawn loans	–	–
– Combination of real estate and equity interest backed pawn loans	–	409
– Accounts receivable backed pawn loans	–	–
	23,431	44,708

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3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Other financial assets at amortised cost (Continued)

The above table represents a worst case scenario of credit risk exposure to the Wan Tong Pawn, without taking into account of any collateral held for or other credit enhancements attached. The exposures set out above for assets are based on net carrying amounts as reported in the consolidated balance sheet.

Pawn loans to customers (Note 14(b)) are summarised as follows:

	As at 31 December	
	2020	2019
Not past due	9,880	32,040
Past due but not impaired	–	–
Impaired	45,500	110,358
	55,380	142,398
Less: Impairment allowances	(31,949)	(97,690)
	23,431	44,708

(c) Liquidity risk

The Group's toll road income is settled in cash.

The liquidity risk of the Group is controlled by maintaining sufficient cash and cash equivalents, together with adequate bank borrowing facilities disclosed in Note 21.

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3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the consolidated balance sheet and balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	Over 5 years	Total
At 31 December 2020					
Bank borrowings, including interest (Note 21)	667,560	544,443	370,808	1,130,416	2,713,227
Trade and other payables, excluding other taxation payables, staff salaries and welfare, current portion of long-term payables and interest payable (Note 20)	1,110,348	–	–	–	1,110,348
Long-term payables, including interest and current portion (Note 23)	108,756	301,373	25,876	289,435	725,440
	1,886,664	845,816	396,684	1,419,851	4,549,015

	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	Over 5 years	Total
At 31 December 2019					
Bank borrowings, including interest (Note 21)	373,088	579,971	613,792	1,156,571	2,723,422
Trade and other payables, excluding other taxation payables, staff salaries and welfare, current portion of long-term payables and interest payable (Note 20)	1,388,209	–	–	–	1,388,209
Long-term payables, including interest and current portion (Note 23)	190,786	168,818	25,970	302,456	688,030
	1,952,083	748,789	639,762	1,459,027	4,799,661

(d) Cash flow and fair value interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest rate risk mainly arises from pawn loans to customers, bank borrowings and long-term payables.

Pawn loans to customers bearing fixed interest rate expose the Group to fair value interest risk. Contractual interest rate re-pricing is matched with maturity date of each pawn loan granted to customer. As at 31 December 2020, maturity dates of pawn loans to customers are all within six months. Therefore the fair value of pawn loans to customers approximated their carrying amount.

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3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(d) Cash flow and fair value interest rate risk (Continued)

Bank borrowings issued at floating rates expose the Group to cash flow interest rate risk. During 2020 and 2019, the Group's bank borrowings at floating rate were denominated in RMB. As at 31 December 2020, the Group's bank borrowings to the extent of RMB1,394,450 thousand (31 December 2019: RMB1,527,897 thousand) were issued at floating rates. As at 31 December 2020, if the interest rates had increased or decreased by 0.5%, the finance costs would have been approximately RMB6,451 thousand (2019: RMB6,034 thousand) higher or lower.

As at 31 December 2020, the Group's long-term payables of RMB458,928 thousand (31 December 2019: RMB363,820 thousand) were at floating rate and expose the Group to cash flow interest rate risk. As at 31 December 2020, if the interest rates had increased or decreased by 0.5%, the finance costs would have been approximately RMB1,971 thousand (2019: RMB1,819 thousand) higher or lower. As at 31 December 2020, the Group's long-term payables of RMB133,769 thousand (including current portion of long-term payables) (31 December 2019: RMB197,292 thousand) were interest free and expose the Group to fair value interest rate risk. The fair value of long-term payables is disclosed in Note 23.

3.2 Capital risk management

The primary objective of the Group's capital management is to safeguard each entity within the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders.

The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of issue new shares or control the capital expenditures to reduce debts.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings and long-term payables as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as equity, as shown in the consolidated balance sheet, plus net debt.

The gearing ratio of the Group at 31 December 2020 and 2019 were as follows:

	As at 31 December	
	2020	2019
Total borrowings (Note 21)	2,229,450	2,107,897
Long-term payables (Note 23)	592,697	561,112
Less: cash and cash equivalents (Note 16)	(1,967,754)	(1,905,261)
Net debts	854,393	763,748
Total equity	11,951,650	11,609,404
Total capital	12,806,043	12,373,152
Gearing ratio	6.67%	6.17%

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3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation

Below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's financial assets that are measured at fair value at 31 December 2020 and 2019.

At 31 December 2020	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at FVPL	–	–	1,363,816	1,363,816
Financial assets at FVOCI	–	–	118,326	118,326
	–	–	1,482,142	1,482,142
At 31 December 2019	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at FVPL	–	–	422,317	422,317
Financial assets at FVOCI	–	–	315,531	315,531
	–	–	737,848	737,848

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3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (Continued)

The following table presents the changes in level 3 instruments for the year ended 31 December 2020 and 2019:

	Financial assets at FVOCI	Financial assets at FVPL	Total
Year ended 31 December 2019			
Opening balance	336,300	–	336,300
Acquisition	–	1,573,100	1,573,100
Disposals	–	(1,162,674)	(1,162,674)
Gains recognised in profit or loss (Note 27)	–	11,891	11,891
Losses recognised in other comprehensive income	(20,769)	–	(20,769)
Closing balance	315,531	422,317	737,848
Year ended 31 December 2020			
Opening balance	315,531	422,317	737,848
Acquisitions	–	5,720,000	5,720,000
Disposals	–	(5,083,178)	(5,083,178)
Reclassification (Note 12(e))	(199,250)	199,250	–
Gains recognised in profit or loss (Note 27)	–	105,427	105,427
Gains recognised in other comprehensive income	2,045	–	2,045
Closing balance	118,326	1,363,816	1,482,142

Quantitative information about fair value measurements using significant unobservable inputs (level 3)

	Fair value as at 31 December 2020	Valuation technique	Unobservable input	Range (weighted average)
Financial assets at FVPL	1,104,490	Income approach	Discount rate	2.95%~3.40% /(3.01%)
Financial assets at FVPL	259,326	Income approach	Discount rate	11.18%~11.68% /(11.43%)
Financial assets at FVOCI	103,326	Income approach	Discount rate	11.18%~11.68% /(11.43%)
Financial assets at FVOCI	15,000	Market comparable approach	Price/Book value	10~13/(11.5)
	1,482,142			

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3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (Continued)

The nominal value less impairment provision of receivables, trade and other payables and current borrowings are assumed to approximate their fair values due to short period of maturity dates. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by the management of the Group and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that might have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Construction revenue recognition under Service Concessions

As described in Note 2.6, income and expenses associated with construction and upgrade work under the Service Concessions are recognised in accordance with HKFRS 15 using the percentage of completion method.

Due to the fact that all construction activities are sub-contracted to third parties and the Group only performs project management, and there was no real cash flow realised or realisable during the construction phase of the infrastructure during the Service Concessions, in order to determine the construction revenue to be recognised during the reporting period, the management made estimates of the respective amounts by making reference to project management service fees in return as if the Group were providing rendered project management services for construction of toll roads for respective the PRC local governments without the corresponding grants of the toll road operating rights and entitlement to future toll revenues. Accordingly, construction revenue under the respective Service Concessions is recognised at the total expected construction costs of the related toll roads plus management fees, computed at a percentage of the project management costs.

In ascertaining the total construction costs, the directors made estimates based on information available such as budgeted project costs, actual project costs incurred/settled to date, and relevant third party evidence such as signed construction contracts and their supplements, the related variation orders placed and the underlying construction and design plans, etc. In ascertaining the amount of management fees, the management has made reference to the practice for determining management fees for managing construction contracts transacted by similar toll roads companies in Anhui Province, whereby the fee is determined based on certain percentage of actual management cost incurred of each project, according to the scale and size of the respective projects. The management of the Group believes the profit arising from the project management is very low due to sharp competition in local project management market. The management also believes the situation of low margin will continue in future years. Thus, the profit from construction activities was not recognised in reporting periods.

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4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(a) Construction revenue recognition under Service Concessions (Continued)

The management of the Group considers that these are the current best estimates on the magnitude of construction revenue and related profits. If the magnitudes of the final construction costs and the management fee applied as a percentage of the project management cost were to be differed from management's current estimates, the Group would account for the change prospectively.

(b) Provision for maintenance obligations

As described in Note 2.6, the Group has contractual obligations under the Service Concessions to maintain the toll road infrastructure to a specified level of serviceability. These obligations to maintain or restore the infrastructure, except for upgrade services, are to be recognised and measured as a provision. Provision for maintenance obligations at 31 December 2020 of RMB35,219 thousand had been provided at the present value of expenditures expected to be incurred by the Group to settle the obligations at the balance sheet date (Note 22).

The expenditures expected to be required to settle the obligations at the balance sheet date is determined based on the number of major maintenance and resurfacing to be undertaken throughout the allowed operating periods of each toll roads operated by the Group under the Service Concessions and the expected costs to be incurred for each event.

The expected costs for maintenance and resurfacing and the timing of such events to take place involve estimates made by the management of the Company, which were developed based on the Group's resurfacing plan and historical costs incurred for similar activities. In addition, the directors are of the view that the discount rate currently used in the current estimate reflects the time value of money and the risks specific to the obligations.

If the expected expenditures, resurfacing plan and discount rate were different from management's current estimates, the change in provision for maintenance obligations is required to be accounted for prospectively.

(c) Estimation of useful lives of property, plant and equipment

The Group's management determines the estimated useful lives for its property, plant and equipment. The estimate is based on the historical experience of the actual useful lives.

Management will revise the depreciation charges where useful lives are different to previously estimated, or it will write off or write down technically obsolete or non-strategy assets that have been abandoned or sold.

(d) Estimation of amortisation periods of concession intangible assets

The Group amortises the concession intangible assets using the straight-line method over the concession periods granted (Note 1). The concession periods are approved by the Grantor therefore the Group does not have renewal or termination option for the concession periods. For those toll roads without formal concession period granted, the Group's management determines the estimated granted concession periods based on the historical experience.

If the Grantor requires to extend or shorten the concession periods, management will revise the amortisation charges which are different to previously calculated, or recognise an impairment loss, if any.

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4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(e) Estimation of deferred income tax assets and income tax

The Group's management determines the deferred tax assets based on the enacted or substantially enacted tax rates and laws and best knowledge of profit projections of the Group for coming years during which the deferred tax assets are expected to be utilised. Management revisits the assumptions and profit projections by the balance sheet date. If the final assumptions and profit were to be differed from management's current estimates, the Group would account for the change prospectively. Details of the Group's unrecognised tax losses and deductible temporary difference have been disclosed in Note 24.

There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current income tax and deferred income tax provisions in the year in which such determination is made.

(f) Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting periods.

(g) Impairment of long-term assets

Concession intangible assets, property, plant and equipment, investment properties and intangible assets with finite useful lives are tested for impairment if there is any indication that the assets may be impaired at the balance sheet date. If the result of the impairment test indicates that the recoverable amount of an asset is less than its carrying amount, a provision for impairment and an impairment loss are recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset. Provision for asset impairment is determined and recognised on the individual asset basis. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of a group of assets to which the asset belongs is determined. A group of assets is the smallest group of assets that is able to generate independent cash inflows.

5 CONCESSION INTANGIBLE ASSETS

	As at 31 December	
	2020	2019
Cost	18,773,734	18,780,197
Accumulated amortisation	(8,156,108)	(7,560,410)
Net book amount	10,617,626	11,219,787

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5 CONCESSION INTANGIBLE ASSETS (CONTINUED)

	Year ended 31 December	
	2020	2019
Opening net book amount	11,219,787	10,308,886
Additions	81,737	1,694,008
Transfer in from property, plant and equipment (Note 7)	4,863	91,440
Transfer out to property, plant and equipment (Note 7)	(19,256)	(273,700)
Adjustment of cost (i)	(69,956)	–
Disposals	–	(230)
Amortisation charges (Note 28)	(599,549)	(600,617)
Closing net book amount	10,617,626	11,219,787

- (i) In 2020, the reduction of cost is due to the final account of Ningxuanhang Expressway Ningguo to Qianqiuguan section and Ningxuanhang Expressway Liqiao to Xuancheng section as issued by the independent accountants that the certificated actual construction costs of the aforesaid road section are lower than the previous recognised amounts by RMB69,956 thousand.

As at 31 December 2020, the toll roads under the Service Concessions and their respective concession periods granted are disclosed in Note 1.

All of the Group's lands under the Service Concessions are located in Anhui Province, the PRC and are held on lease terms of 25 to 30 years from the dates of acquisition, and expiring from 2026 to 2045.

As at 31 December 2020, the Group's concession intangible assets of RMB81,637 thousand (31 December 2019: no concession intangible assets) are still under construction. Those constitute property, plant and equipment upon completion are transferred out.

No borrowing costs have been capitalised in 2020 (2019: borrowing costs with the amount of RMB7,071 thousand have been capitalised at an average interest rate of 1.20%).

Amortisation expenses of RMB599,549 thousand have been charged in "cost of sales" (2019: RMB600,617 thousand).

As at 31 December 2020, certain land use right certificates for Ninghuai expressway Tianchang section, the expansion part of Hening expressway, Ningxuanhang expressway Xuancheng to Ningguo section and one toll station in Guangde have not yet been obtained.

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6 RIGHT-OF-USE ASSETS

The Group's right-of-use assets represented prepaid lease payments for land use rights, and their net book value are analysed as follows:

	As at 31 December	
	2020	2019
Cost	22,039	22,039
Accumulated amortisation	(14,468)	(13,705)
Net book amount	7,571	8,334

	Year ended 31 December	
	2020	2019
Opening net book amount	8,334	9,399
Amortisation charges (Note 28)	(763)	(1,065)
Closing net book amount	7,571	8,334

All of the Group's right-of-use assets are located in Anhui Province, the PRC and are held on lease terms of 30 years from the dates of acquisition, and expiring in 2035.

Amortisation expenses of RMB763 thousand (2019: RMB1,065 thousand) have been charged in "cost of sales".

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7 PROPERTY, PLANT AND EQUIPMENT

	Buildings	Safety, communication and signalling equipment	Toll stations and ancillary equipment	Motor vehicles	Other machinery and equipment	Construction in progress	Total
At 1 January 2019							
Cost	658,276	972,202	248,006	91,546	165,280	128,027	2,263,337
Accumulated depreciation	(202,243)	(712,213)	(173,297)	(72,376)	(145,149)	-	(1,305,278)
Net book value	456,033	259,989	74,709	19,170	20,131	128,027	958,059
Year ended 31 December 2019							
Opening net book amount	456,033	259,989	74,709	19,170	20,131	128,027	958,059
Additions	-	6,009	1,160	1,709	4,637	112,674	126,189
Disposals	-	-	-	(294)	(64)	-	(358)
Transfers	15,639	3,552	56,024	-	2,585	(77,800)	-
Transfer in from concession intangible assets (Note 5)	68,284	135,890	36,503	-	33,023	-	273,700
Transfer out to investment properties (Note 8)	(34,835)	-	-	-	-	-	(34,835)
Transfer out to intangible assets (Note 9)	-	(189)	(1,289)	-	-	(207)	(1,685)
Transfer out to concession intangible assets (Note 5)	-	-	-	-	-	(91,440)	(91,440)
Depreciation (Note 28)	(22,347)	(51,716)	(17,727)	(4,623)	(6,993)	-	(103,406)
Closing net book amount	482,774	353,535	149,380	15,962	53,319	71,254	1,126,224
At 31 December 2019							
Cost	707,404	1,117,151	340,318	88,600	205,282	71,254	2,530,009
Accumulated depreciation	(224,630)	(763,616)	(190,938)	(72,638)	(151,963)	-	(1,403,785)
Net book value	482,774	353,535	149,380	15,962	53,319	71,254	1,126,224
Year ended 31 December 2020							
Opening net book amount	482,774	353,535	149,380	15,962	53,319	71,254	1,126,224
Additions	-	1,016	1,703	1,561	6,754	221,274	232,308
Disposals	(4,794)	(1,225)	(1,206)	(247)	(501)	-	(7,973)
Adjustment of cost (i)	(16,836)	(11,741)	(1,149)	-	(2,646)	-	(32,372)
Transfers	(2,017)	12,474	15,742	-	3,144	(29,343)	-
Transfer out to concession intangible assets (Note 5)	-	-	-	-	-	(4,863)	(4,863)
Transfer in from concession intangible assets (Note 5)	-	7,160	8,536	-	3,560	-	19,256
Transfer out to investment properties (Note 8)	(41,033)	-	-	-	-	-	(41,033)
Transfer in from investment properties (Note 8)	2,112	-	-	-	-	-	2,112
Transfer out to intangible assets (Note 9)	-	(476)	-	-	-	(2,085)	(2,561)
Depreciation (Note 28)	(24,603)	(55,391)	(29,409)	(4,748)	(12,137)	-	(126,288)
Closing net book amount	395,603	305,352	143,597	12,528	51,493	256,237	1,164,810
At 31 December 2020							
Cost	623,945	1,084,926	353,643	82,788	202,180	256,237	2,603,719
Accumulated depreciation	(228,342)	(779,574)	(210,046)	(70,260)	(150,687)	-	(1,438,909)
Net book value	395,603	305,352	143,597	12,528	51,493	256,237	1,164,810

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7 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

- (i) In 2020, the reduction of cost of buildings, safety, communication and signalling equipment, motor vehicles and other machinery and equipment is due to the final account of Ningxuanhang Expressway Liqiao to Xuancheng section as issued by independent accountants that the certificated actual construction costs of the aforesaid road section are lower than the previous recognised amounts by RMB32,805 thousand and the increase of cost of safety, communication and signalling equipment is due to the aforesaid final account that the actual construction costs are higher than the previous recognised amounts by RMB1,582 thousand.

In 2020, the reduction of cost of toll stations and ancillary equipment is due to the final account of toll station construction project of Xuanguang Expressway that the actual construction costs of the aforesaid project are lower than the previous recognised amounts by RMB1,149 thousand.

Depreciation expenses of RMB116,906 thousand (2019: RMB93,568 thousand) have been charged in “cost of sales”; depreciation expenses of RMB9,382 thousand (2019: RMB9,838 thousand) have been charged in “administrative expenses”.

8 INVESTMENT PROPERTIES

	Buildings
At 1 January 2019	
Cost	562,242
Accumulated amortisation	(197,374)
Net book amount	364,868
Year ended 31 December 2019	
Opening net book amount	364,868
Transfer in from property, plant and equipment (Note 7)	34,835
Amortisation expenses (Note 28)	(17,784)
Closing net book amount	381,919
At 31 December 2019	
Cost	597,077
Accumulated amortisation	(215,158)
Net book amount	381,919
Year ended 31 December 2020	
Opening net book amount	381,919
Disposals	(5,782)
Transfer in from property, plant and equipment (Note 7)	41,033
Transfer out to property, plant and equipment (Note 7)	(2,112)
Amortisation expenses (Note 28)	(19,002)
Closing net book amount	396,056
At 31 December 2020	
Cost	640,260
Accumulated amortisation	(244,204)
Net book amount	396,056

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8 INVESTMENT PROPERTIES (CONTINUED)

Amortisation expenses of RMB19,002 thousand (2019: RMB17,784 thousand) have been charged in “cost of sales”.

The fair values for the investment properties of the Group as at 31 December 2020 totalled RMB590,615 thousand (31 December 2019: RMB576,154 thousand).

The fair values have been arrived based on the valuation performed by Anhui Zhonglian Guoxin Assets Valuation Company Limited (“安徽中聯國信資產評估有限責任公司”, the “Valuer”). The valuation including the use of inputs that are not based on an observable market data (that is, level 3 assets). The Valuer is an independent qualified professional firm not connected with the Group and has appropriate qualifications and relevant experience in the valuation of similar properties in the relevant locations.

The valuations were arrived at using the approach of (i) applying capitalised income projections based upon a property’s estimated net market income, and a capitalisation rate derived from an analysis of market evidence and (ii) by making reference to comparables as available in the relevant market.

All of the Group’s property interests held under operating leases to earn rentals are measured using the cost model and are classified and accounted for as investment properties.

(a) Amounts recognised in consolidated income statement for investment properties

	Year ended 31 December	
	2020	2019
Rental income (Note 26)	54,518	51,107
Direct operating expenses from property that generated rental income	(19,252)	(18,034)
	35,266	33,073

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9 INTANGIBLE ASSETS

	Acquired computer software licenses
At 1 January 2019	
Cost	21,473
Accumulated amortisation	(18,067)
Net book amount	3,406
Year ended 31 December 2019	
Opening net book amount	3,406
Additions	2,115
Disposals	(100)
Transfer in from property, plant and equipment (Note 7)	1,685
Amortisation expenses (Note 28)	(3,294)
Closing net book amount	3,812
At 31 December 2019	
Cost	25,382
Accumulated amortisation	(21,570)
Net book amount	3,812
Year ended 31 December 2020	
Opening net book amount	3,812
Additions	93
Transfer in from property, plant and equipment (Note 7)	2,561
Amortisation expenses (Note 28)	(4,398)
Closing net book amount	2,068
At 31 December 2020	
Cost	28,116
Accumulated amortisation	(26,048)
Net book amount	2,068

Amortisation expenses of RMB4,398 thousand (2019: RMB3,294 thousand) have been charged in “administrative expenses”.

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10 SUBSIDIARIES

The following is a list of the subsidiaries at 31 December 2020:

Name	Place of establishment and kind of legal entity	Principal activities and place of operation	Paid in, issued and fully paid capital ('000)	Proportion of equity interest directly held by the Company and the Group (%)	Proportion of equity interest held by non-controlling interests (%)
Xuan Guang Expressway Company Limited ("宣廣高速公路有限責任公司", "Xuan Guang") (a)	The PRC, limited liability company	Management and operation of expressway in Anhui province, the PRC	RMB111,760	55.47%	44.53%
Anhui Ningxuanhang Expressway Investment Company Limited ("安徽寧宣杭高速公路投資有限公司", "Ningxuanhang") (b)	The PRC, limited liability company	Management and operation of expressway in Anhui province, the PRC	RMB300,000	51.00%	49.00%
Xuancheng Guangci Expressway Co., Ltd. ("宣城市廣祠高速公路有限責任公司", "Guangci") (c)	The PRC, limited liability company	Management and operation of expressway in Anhui province, the PRC	RMB56,800	55.47%	44.53%
Wan Tong Pawn (d)	The PRC, limited liability company	Pawn, small loan and related services in Anhui province, the PRC	RMB157,500	71.43%	28.57%
Anhui Expressway (H.K.) Limited ("安徽皖通高速公路股份(香港)有限公司", "AEHK") (e)	Hong Kong, limited company	Management and operation of expressway outside Mainland China	HKD2,400	100.00%	-

(a) Xuan Guang

Xuan Guang is an equity joint venture established by the Company and Xuancheng Communication Investment Co., Ltd. ("宣城市交通投資有限公司", "XCIC", formerly named "Xuancheng Highway Management Company") in July 1998 with an operating period of 30 years. The Company invested in total RMB366,600 thousand in Xuan Guang, in the forms of capital contribution of RMB36,660 thousand and long-term loan of RMB329,940 thousand. Long-term loan, which is interest free, represented the Company's share of the total investment in Xuan Guang in excess of the Company's share of its registered capital. According to the joint venture contract, annual distribution (the "distribution") equalling net profit plus amortisation of its concession intangible assets and depreciation of its fixed assets (the "amortisation and depreciation") are to be made wholly to the Company till the total distribution received by the Company equal to its long-term loan to Xuan Guang. Thereafter, the distribution will be shared by the Company and XCIC in proportion to their respective contributions to Xuan Guang's registered capital. The net profit portion of the distribution received is accounted for as dividend income while the amortisation and depreciation portion of the distribution received is accounted for as repayments to the long-term loan advanced to Xuan Guang. At 31 December 2020, the carrying amount of interest-free long term payable is 133,769 thousand.

Pursuant to a capital injection contract between the Company and XCIC dated 11 August 2003, XCIC contributed Xuanguang Expressway (Nanhuan section) to Xuan Guang at an agreed price of RMB398,800 thousand in the form of capital contribution of RMB39,880 thousand and long-term loan of RMB358,920 thousand. The long-term loan is interest free as well.

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10 SUBSIDIARIES (CONTINUED)

(a) Xuan Guang (Continued)

Pursuant to a share transfer agreement dated 11 September 2003 subsequently entered into by the Company and XCIC, the Company acquired XCIC's interests in Xuan Guang (in the forms of paid-in-capital of RMB25,335 thousand and shareholder's loan of RMB228,015 thousand) at a total consideration of RMB253,350 thousand. After the acquisition, the Company holds 55.47% interest in Xuan Guang. The profit distribution arrangement of Xuan Guang mentioned above remains unchanged.

In 2007, pursuant to a resolution at the Board of Directors' 9th meeting of Xuan Guang, cash repayment amount with respect to amortisation and depreciation portion of the distribution was determined to repay the short-term borrowings of Xuan Guang in priority before settlement of long-term payables to the Company and XCIC since 2007, until the short-term borrowings are fully repaid.

According to the contracts, agreements and board resolution mentioned above, for the year ended 31 December 2020, the net profit portion of the distribution attributable to the Company amounted to RMB110,278 thousand (2019: RMB139,551 thousand). The net profit portion of the distribution attributable to XCIC amounted to RMB88,528 thousand (2019: RMB112,028 thousand).

(b) Ningxuanhang

Ningxuanhang is an equity joint venture established by the Company and Xuancheng Communication Construction Co., Ltd. (“宣城市交通建設投資有限公司”, “XCCC”) in April 2008 with an operating period of 30 years. The original registered capital of Ningxuanhang was RMB100,000 thousand. The Company and XCCC's equity interests in Ningxuanhang were 70% and 30% respectively.

Pursuant to a share transfer agreement dated in January 2012 between XCCC and XCIC, XCIC acquired XCCC's equity interests in Ningxuanhang. XCCC also transferred its shareholder's loan to XCIC.

Pursuant to a capital injection agreement among the Company, Anhui Transportation Holding Group Co., Ltd. (“安徽省交通控股集團有限公司”, “ATHC”, parent company of the Company, formerly named “Anhui Expressway Holding Co., Ltd.”), and XCIC dated 20 August 2012, the Company made cash contribution of RMB129,362 thousand to Ningxuanhang in the forms of paid-in capital of RMB83,000 and capital surplus of RMB46,362 thousand; ATHC made cash contribution of RMB182,353 thousand to Ningxuanhang in the forms of paid-in capital of RMB117,000 thousand and capital surplus of RMB65,353 thousand. After the cash contribution, the Company, ATHC and XCIC's equity interests in Ningxuanhang changed to 51%, 39% and 10%, respectively.

The Company, ATHC and XCIC also provided funding to Ningxuanhang in the form of long-term payables and the balance are RMB1,679,662 thousand, RMB443,528 thousand and RMB15,400 thousand respectively at 31 December 2020 (2019: RMB1,628,662 thousand, RMB358,420 thousand and RMB5,400 thousand).

The interest rate of interest bearing long-term loans ranged from 4.41% to 6.15% in 2020 (2019: 4.41% to 6.15%) per annum.

According to the agreement among the Company, ATHC and XCIC, annual net profit is to be made as dividends to the Company, ATHC and XCIC. The amortisation and depreciation are to be made as repayments to bank borrowings and long-term shareholders' loans. After all the bank borrowings are fully settled, annual net profit and the amortisation and depreciation are distributed to the Company, ATHC and XCIC in proportion to their respective contributions to Ningxuanhang's paid-in capital.

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10 SUBSIDIARIES (CONTINUED)

(b) Ningxuanhang (Continued)

The interest bearing loan of the Company is accounted for by using effective interest rate method as well. As the interest rate is floating rate and determined by reference to market interest rate, the fair value approximated its carrying amount.

For the year ended 31 December 2020, the net loss attributable to the Company amounted to RMB173,392 thousand (2019: RMB187,978 thousand); the net loss attributable to ATHC amounted to RMB132,595 thousand (2019: RMB143,748 thousand); the net loss attributable to XCIC amounted to RMB33,998 thousand (2019: RMB36,858 thousand).

(c) Guangci

Guangci is an equity joint venture established by ATHC and XCIC in July 2004 with an operating period of 25 years. The total registered capital of Guangci was RMB56,800 thousand. ATHC and XCIC's equity interests in Guangci were 51% and 49%, respectively.

Pursuant to a share transfer agreement dated 21 February 2012 among the Company, ATHC and XCIC, the Company acquired ATHC and XCIC's interest in Guangci for a purchase consideration of RMB215,330 thousand and RMB18,880 thousand respectively, effective of 1 January 2012. After the acquisition, the Company and XCIC's equity interests in Guangci were 55.47% and 44.53%, respectively.

For the year ended 31 December 2020, the net profit attributable to the Company amounted to RMB30,804 thousand (2019: RMB37,181 thousand). The net profit portion of the distribution attributable to XCIC amounted to RMB24,728 thousand (2019: RMB29,848 thousand).

(d) Wan Tong Pawn

Wan Tong Pawn is an equity joint venture established by the Company and Hefei Hua Tai Group Co., Ltd. (“合肥華泰集團股份有限公司”, “Hua Tai”) in June 2012 with an operating period of 30 years. The total registered capital of Wan Tong Pawn was RMB210,000 thousand. The Company invested in RMB150,000 thousand and held 71.43% equity interests in Wan Tong Pawn. Hua Tai invested in RMB60,000 thousand and held 28.57% equity interests in Wan Tong Pawn.

In September 2015, pursuant to a shareholder agreement, the Company and Hua Tai agreed to redeem their investments of RMB37,500 thousand and RMB15,000 thousand respectively as capital redemption from Wan Tong Pawn. After the capital redemption, the total registered capital of Wan Tong Pawn reduced to RMB157,500 thousand. The Company and Hua Tai held 71.43% and 28.57% equity interests in Wan Tong Pawn respectively.

In December 2020, Hua Tai transferred 28.75% equity interests of Wan Tong Pawn to Anhui Hua Rei Packaging Co., Ltd. (“安徽華瑞包裝有限公司”, “Hua Rei”) at the consideration of RMB18,866 thousand. After the equity transaction, the total registered capital of Wan Tong Pawn is still RMB157,500 thousand. The Company and Hua Rei held 71.43% and 28.57% equity interests in Wan Tong Pawn respectively.

For the year ended 31 December 2020, the net profit attributable to the Company amounted to RMB2,606 thousand (2019: RMB2,092 thousand); the net profit attributable to minority shareholder amounted to RMB1,042 thousand (2019: RMB837 thousand).

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10 SUBSIDIARIES (CONTINUED)

(e) AEHK

As at 30 September 2013, AEHK was set up in Hong Kong. The registered capital of AEHK is HKD2,400 thousand, and the Company held 100% equity interests of AEHK. In 2015, the Company finished capital injection to AEHK. As at 31 December 2020, AEHK is still in pre-operation stage.

(f) Material non-controlling interests

As at 31 December 2020 and 2019, the analysis of non-controlling interests is as follow:

	As at 31 December	
	2020	2019
Non-controlling interests attributable to		
– Xuan Guang	256,893	280,198
– Ningxuanhang	248,518	415,112
– Guangci	109,862	114,916
– Wan Tong Pawn	21,920	20,879
	637,193	831,105

Summarised financial information on subsidiaries with material non-controlling interests

Set out below is the summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. The amounts disclosed for each subsidiary are before inter-company eliminations.

Summarised balance sheet

	Xuan Guang		Ningxuanhang		Guangci		Wan Tong Pawn	
	2020	2019	2020	2019	2020	2019	2020	2019
Current								
Assets	246,002	266,587	84,764	108,582	120,011	112,776	82,612	81,760
Liabilities	(175,578)	(171,567)	(626,452)	(735,791)	(18,041)	(16,776)	(5,990)	(8,832)
Total current net assets/(liabilities)	70,424	95,020	(541,688)	(627,209)	101,970	96,000	76,622	72,928
Non-current								
Assets	627,126	720,779	4,355,795	4,627,668	144,772	162,097	97	142
Liabilities	(63,978)	(129,891)	(3,335,987)	(3,182,353)	–	–	–	–
Total non-current net assets	563,148	590,888	1,019,808	1,445,315	144,772	162,097	97	142
Net assets	633,572	685,908	478,120	818,106	246,742	258,097	76,719	73,070

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10 SUBSIDIARIES (CONTINUED)

(f) Material non-controlling interests (Continued)

Summarised financial information on subsidiaries with material non-controlling interests (Continued)

Summarised statement of comprehensive income

	Xuan Guang		Ningxuanhang		Guangci		Wan Tong Pawn	
	2020	2019	2020	2019	2020	2019	2020	2019
Revenue	480,515	550,989	127,779	138,404	95,584	109,153	5,981	4,226
Profit/(loss) before income tax	265,700	335,459	(340,556)	(318,575)	74,045	89,372	3,648	2,929
Income tax charged	(66,894)	(83,880)	571	(50,009)	(18,513)	(22,343)	-	-
Profit/(loss) for the year	198,806	251,579	(339,985)	(368,584)	55,532	67,029	3,648	2,929
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income/(loss)	198,806	251,579	(339,985)	(368,584)	55,532	67,029	3,648	2,929
Total comprehensive income/(loss) allocated to non-controlling interests	88,528	112,028	(166,593)	(180,606)	24,728	29,848	1,042	837
Dividends paid to non-controlling interests	111,833	116,527	-	-	29,785	26,108	-	-

Summarised cash flows

	Xuan Guang		Ningxuanhang		Guangci		Wan Tong Pawn	
	2020	2019	2020	2019	2020	2019	2020	2019
Cash flows from operating activities								
Cash generated from operations	420,483	429,349	55,719	45,711	108,871	94,933	18,490	26,494
Interest paid	-	-	(147,838)	(179,812)	-	-	-	-
Income tax paid	(43,876)	(100,217)	-	-	(17,188)	(21,135)	-	(248)
Net cash generated from/(used in) operating activities	376,607	329,132	(92,119)	(134,101)	91,683	73,798	18,490	26,246
Net cash (used in)/generated from investing activities	(3,718)	(17,064)	(39,420)	(7,354)	675	144	-	56
Net cash (used in)/generated from financing activities	(325,141)	(335,681)	112,661	59,202	(66,888)	(58,632)	-	-
Net increase/(decrease) in cash and cash equivalents	47,748	(23,613)	(18,878)	(82,253)	25,470	15,310	18,490	26,302
Cash and cash equivalents at beginning of the year	50,715	74,328	57,019	139,272	35,773	20,463	33,466	7,164
Cash and cash equivalents at end of the year	98,463	50,715	38,141	57,019	61,243	35,773	51,956	33,466

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11 INVESTMENT IN ASSOCIATES

	Year ended 31 December	
	2020	2019
Beginning of the year	135,542	128,932
Additions (a)	3,000	3,000
Share of associates' results:		
– Profit before income tax	28,136	34,835
– Income tax expense	(6,957)	(9,145)
– Dividends declared (Note 27)	(22,739)	(22,080)
End of the year	136,982	135,542

As at 31 December 2020, the Group's interest in associates which are unlisted and measured using the equity method, is as follows:

Name	Particulars of issued capital held	Principal place of business/country of incorporation	% of interest held
Anhui Expressway Advertisement Co., Ltd. (“安徽高速傳媒有限公司”, “AEAC”)	Equity capital	The PRC	38%
Anhui Transportation Information Industry Co., Ltd. (“安徽交控信息產業有限公司”, “ATII”) (a)	Equity capital	The PRC	10%
Eurasia Pearl Investment Holdings (HK) Limited (“亞歐明珠(香港)投資控股有限公司”, “EPIH”) (b)	Equity capital	Hong Kong	7%

(a) ATII was established by the Company, ATHC, China Merchants New Intelligence Technology Co., Ltd. (“招商新智科技有限公司”), Shanghai Unionpay Enterprise Investment Co., Ltd. (“上海銀聯創業投資有限公司”), Anhui Expressway Network Operations Co., Ltd. (“安徽省高速公路聯網運營有限公司”, “AENO”) and Anhui Transport Consulting & Design Institute Co., Ltd. (“安徽省交通規劃設計研究總院股份有限公司”, “ATCD”) in June 2019. The total registered capital of ATII was RMB60,000 thousand.

As at 31 December 2020, the Company invested in RMB6,000 thousand and held 10% equity interest in ATII. One of the seven directors of the board of directors of ATII is nominated by the Company, thereby the Company is able to exercise significant influence over ATII.

(b) On April 2020, AEHK, Cornerstone Holdings Limited (“佳選控股有限公司”), Best Investment Holdings (HK) Limited, Zhejiang Expressway International (Hong Kong) Company Limited (“浙江滬杭甬國際香港有限公司”), Jiangsu Expressway International (Hong Kong) Company Limited (“江蘇寧滬國際香港有限公司”), CSI SCE Investment Holding Limited (“信成香港投資有限公司”) form the EPIH. The registered capital of EPIH is USD10. As at 31 December 2020, the Group has paid USD0.7 and held 7% of the equity interest in EPIH. One of the six directors of the board of directors of EPIH is nominated by the Group, thereby the Group is able to exercise significant influence over EPIH.

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11 INVESTMENT IN ASSOCIATES (CONTINUED)

Set out below is the summarised financial information of AEAC and ATII. EPIH is in pre-operation stage as at 31 December 2020.

Summarised balance sheet

	AEAC		ATII	
	As at 31 December		As at 31 December	
	2020	2019	2020	2019
Current				
Assets	231,799	276,159	91,252	33,541
Liabilities	(97,302)	(132,522)	(32,805)	(5,597)
Total current net assets	134,497	143,637	58,447	27,944
Non-current				
Assets	209,043	204,989	6,470	2,696
Liabilities	–	–	(544)	–
Total non-current net assets	209,043	204,989	5,926	2,696
Net assets	343,540	348,626	64,373	30,640

Summarised statement of comprehensive income

	AEAC		ATII	
	Year ended 31 December		Year ended 31 December	Period from 12 June 2019 to 31 December
	2020	2019	2020	2019
Revenue	128,496	148,805	71,731	15,018
Profit for the year	54,752	67,438	3,734	640
Total comprehensive income for the year	54,752	67,438	3,734	640
Dividends	59,838	58,106	–	–

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11 INVESTMENT IN ASSOCIATES (CONTINUED)

Reconciliation of summarised financial information

	AEAC		ATHI	
	Year ended 31 December 2020	2019	Year ended 31 December 2020	Period from 12 June 2019 to 31 December 2019
Beginning of the year	348,626	339,294	30,640	–
Investment by shareholders	–	–	30,000	30,000
Profit for the year	54,752	67,438	3,734	640
Dividends distribution	(59,838)	(58,106)	–	–
End of the year	343,540	348,626	64,374	30,640
The Group's share in %	38%	38%	10%	10%
Equity interest in associates	130,545	132,478	6,437	3,064

12 FINANCIAL ASSETS AT FVOCI

Financial assets at FVOCI comprise equity investments which are not held for trading, and which the Group has irrevocably elected at initial recognition to recognise in the category. These are strategic investments and the Group considers this classification to be more relevant.

Equity investments at FVOCI comprise the following individual investments:

	Equity interests in unlisted companies and limited partnerships ("LP"s)							Total
	AXFG (a)	ATZHF	ATGBF	AXCM (a)	WTMC (d)	ATZFM (b)	ATGFM (c)	
At 1 January 2020	75,309	99,625	99,625	25,222	15,000	375	375	315,531
Reclassification (e)	–	(99,625)	(99,625)	–	–	–	–	(199,250)
Fair value gains on financial assets at FVOCI recognised in OCI	–	–	–	–	–	681	1,364	2,045
At 31 December 2020	75,309	–	–	25,222	15,000	1,056	1,739	118,326

On disposal of these equity investments, any related balance within the financial assets at FVOCI reserve is reclassified to retained earnings.

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12 FINANCIAL ASSETS AT FVOCI (CONTINUED)

- (a) As at 31 December 2020, the Company held 6.62% equity interests in Anhui Xin'an Financial Group Co., Ltd. (“安徽新安金融集團股份有限公司”, “AXFG”) with a fair value of RMB75,309 thousand (31 December 2019: 6.62% and fair value of RMB75,309 thousand) and 6.62% equity interests in Anhui Xin'an Capital Operation Management Co., Ltd. (“安徽新安資本運營管理股份有限公司”, “AXCM”) with a fair value of RMB25,222 thousand (31 December 2019: 6.62% and fair value of RMB25,222 thousand), which were designated as financial assets at FVOCI.
- (b) As at 31 December 2020, the Company invested in RMB375 thousand and held 2.50% equity interest in Anhui Transportation Zhaoshang Private Fund Management Co., Ltd. (“安徽交控招商私募基金管理有限公司”, “ATZFM”). The Company has no control or significant influence over ATZFM and the investment was designated as financial assets at FVOCI.
- (c) As at 31 December 2020, the Company invested in RMB375 thousand and held 2.50% equity interest in Anhui Transportation Goldstone Private Fund Management Co., Ltd. (“安徽交控金石私募基金管理有限公司”, “ATGFM”). Since the Company has no control or significant influence over ATGFM and the investment was designated as financial assets at FVOCI.
- (d) As at 31 December 2020, the Company held 10% equity interests in Hefei Wan Tong Microcredit Co., Ltd. (“合肥市皖通小額貸款有限公司”, “WTMC”), which was designated as financial assets at FVOCI.
- (e) The Group considered the investments in Anhui Transportation Zhaoshang Industry Investment Fund LP (“安徽交控招商產業投資基金有限合夥”, “ATZIIF”) and Anhui Transportation Goldstone Buy-out Fund LP (“安徽交控金石並購基金合夥企業有限合夥”, “ATGBF”) did not qualify for equity investments and hence has properly reclassified these investments to financial assets at FVPL in 2020. The comparative figures as of 31 December 2019 have not been restated as the directors of the Company considered the restatement does not have any significant impact on the Group's total assets, total equity and retained earnings as at 31 December 2019 and the profit for the year then ended.
- (f) Amounts recognised in profit or loss and OCI

During the year, the following gains/(losses) were recognised in profit or loss and OCI:

	Year ended 31 December	
	2020	2019
Gains/(losses) recognised in OCI (Note 18) – related to equity investments	2,045	(20,769)
Dividends from equity investments at FVOCI recognised in profit or loss in other gains – related to investments held at the end of the year	–	12,583

- (g) Fair value, impairment and risk exposure

Information about the methods and assumptions used in determining fair value is provided in Note 3.3.

All of the financial assets at FVOCI are denominated in RMB.

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13 FINANCIAL ASSETS AT FVPL

	As at 31 December	
	2020	2019
Non-current assets		
Investments in LPs		
– ATGBF (a)	135,233	–
– ATZIIF (b)	124,093	–
	259,326	–
Current assets		
Structured deposits (c)	1,104,490	422,317
	1,363,816	422,317

- (a) As at 31 December 2020, the Company invested in RMB99,625 thousand and held 6.64% of the interest in ATGBF. As a limited partner, the Company do not engage in management or decision-making of ATGBF.

In 2020, dividend of RMB3,321 thousand was declared and paid by ATGBF.

- (b) As at 31 December 2020, the Company invested in RMB99,625 thousand and held 6.64% of the interest in ATZIIF. As a limited partner, the Company do not engage in management or decision-making of ATZIIF.

In 2020, dividend of RMB1,993 thousand was declared and paid by ATZIIF.

- (c) As at 31 December 2020, the current financial assets at FVPL are structured deposits with no guaranteed returns, hence their contractual cash flows do not qualify for solely payments of interest. Therefore they are measured at fair value through profit or loss. All of these structured deposits are expected to be collected within 1 year from 31 December 2020.

- (d) Amounts recognised in profit or loss

During the year, the following gains were recognised as “other income and gains – net” in profit or loss:

	Year ended 31 December	
	2020	2019
Fair value gains on debt instruments at FVPL (Note 27)	105,427	11,891
Dividends from investments at FVPL recognised in profit or loss in other gains – related to investments held at the end of the year	5,314	–

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14 RECEIVABLES AND PREPAYMENTS

	As at 31 December	
	2020	2019
Other receivables		
– Toll roads income receivable (a)	57,717	75,667
– Pawn loans to customers (b)	55,380	142,398
– Receivables for construction	30,051	30,051
– Receivables from disposal of property, plant and equipment	9,498	–
– Interest receivable	2,365	6,697
– Dividends receivable	–	34,663
– Others	37,240	16,272
	192,251	305,748
Less: Provision for impairment of pawn loans (b)	(31,949)	(97,690)
Provision for impairment of others (c)	(2,121)	(2,742)
	158,181	205,316
Prepayments		
– Prepaid expenses	1,257	847
	159,438	206,163

The ageing analysis of the other receivables were as follows:

	As at 31 December	
	2020	2019
Within 1 year	112,084	157,544
Between 1 and 2 years	3,078	2,253
Between 2 and 3 years	760	30,652
Over 3 years	76,329	115,299
	192,251	305,748

- (a) As at 31 December 2020, toll roads income receivables mainly represented receivable from AENO of RMB55,300 thousand (31 December 2019: RMB73,863 thousand) for uncollected toll roads income.

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14 RECEIVABLES AND PREPAYMENTS (CONTINUED)

(b) Pawn loans to customers

At 31 December 2020 and 2019, the analysis of pawn loans to customers is as follows:

	As at 31 December	
	2020	2019
Pawn loans to customers		
– Principal	55,380	142,398
– Interest	–	–
	55,380	142,398
Less: Impairment allowances	(31,949)	(97,690)
Pawn loans to customers, net	23,431	44,708

Pawn loans to customers are arising from the Group's pawn loans business. The loan periods granted to customers are six months and bore fixed interest rates ranging from 10.92% to 15.00% for the year ended 31 December 2020 (2019: 10.80% to 15.00%) per annum. The Group ceased interest accrual once pawn loans were over due.

Reconciliation of provision account for loss on pawn loans to customers is as follows:

	Year ended 31 December	
	2020	2019
Beginning of the year	(97,690)	(123,864)
Impairment loss reversed (Note 29)	1,605	3,174
Pawn loans written-off as uncollectible	64,136	23,000
End of the year	(31,949)	(97,690)

(c) Reconciliation of provision account for loss on other receivables is as follows:

	Year ended 31 December	
	2020	2019
Beginning of the year	(2,742)	(2,692)
Impairment loss recognised (Note 29)	(791)	(336)
Other receivables written-off as uncollectible	1,412	286
End of the year	(2,121)	(2,742)

As at 31 December 2020 and 2019, all other receivables balances were denominated in RMB.

As at 31 December 2020 and 2019, the fair values of the other receivables of the Group approximated their carrying amounts.

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15 INVENTORIES

	As at 31 December	
	2020	2019
Materials and spare parts	6,160	5,678

16 CASH AND CASH EQUIVALENTS AND TIME DEPOSITS WITH ORIGINAL MATURITY OVER THREE MONTHS

	As at 31 December	
	2020	2019
Cash at bank and on hand	2,289,437	2,107,053
Less: time deposits with original maturity over three months	(321,683)	(201,792)
Cash and cash equivalents	1,967,754	1,905,261

The weighted average interest rate per annum on cash at bank in 2020 was approximately 2.23% (2019: 3.30%).

The carrying amounts of cash at bank and on hand are denominated in the following currencies:

	As at 31 December	
	2020	2019
RMB	2,287,181	2,104,680
HKD (RMB equivalents)	2,256	2,373
	2,289,437	2,107,053

17 ORDINARY SHARE CAPITAL AND SHARE PREMIUM

	Number of A shares (thousand)	Number of H shares (thousand)	Ordinary share capital	Share premium	Total
At 1 January 2019	1,165,600	493,010	1,658,610	1,415,593	3,074,203
Changes in the year	-	-	-	-	-
At 31 December 2019	1,165,600	493,010	1,658,610	1,415,593	3,074,203
Changes in the year	-	-	-	-	-
At 31 December 2020	1,165,600	493,010	1,658,610	1,415,593	3,074,203

The total authorised and issued number of ordinary shares is 1,658,610,000 shares with a par value of RMB1 per share. All issued shares are fully paid.

Share premium is the amount by which the fair value of the consideration received exceeds the nominal value of shares issued, net of transaction cost.

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18 OTHER RESERVES

	Capital surplus	Statutory surplus reserve fund (Note 35(a))	Discretionary surplus reserve fund	Enterprise safety fund	Merger reserve (a)	Excess of the consideration over carrying amount of the non-controlling interests acquired (b)	Fair value change of financial assets at FVOCI, net of tax	Total
Balance at 1 January 2019	2,243	955,881	658	48,255	(186,362)	(710,116)	(59,026)	51,533
Usage of enterprise safety fund	-	-	-	(916)	-	-	-	(916)
Changes in fair value of financial assets at FVOCI, net of tax (Note 12)	-	-	-	-	-	-	(15,577)	(15,577)
Balance at 31 December 2019	2,243	955,881	658	47,339	(186,362)	(710,116)	(74,603)	35,040
Usage of enterprise safety fund	-	-	-	(622)	-	-	-	(622)
Changes in fair value of financial assets at FVOCI, net of tax (Note 12)	-	-	-	-	-	-	1,534	1,534
Balance at 31 December 2020	2,243	955,881	658	46,717	(186,362)	(710,116)	(73,069)	35,952

Upon approval from the Board of Directors, capital surplus, other than those relating to receipts of donated non-cash assets and equity investments held can be used to increase capital. Capital surplus arising from receipts of donated non-cash assets and equity investments can only be used to increase capital after the donated assets or investments have been disposed of.

The Company appropriates discretionary surplus reserve after shareholders' meeting approves the Board of Directors' proposal. The discretionary surplus reserve can be used to make up for the loss or increase capital after approval.

For the requirement in respect of the appropriation of enterprise safety fund, please refer to Note 2.26.

- (a) The merger reserve as at 31 December 2020 and 2019 represented the excess of consideration over the Company's share of paid-in capital of Guangci acquired under common control (Note 10(c)).

**As at 31 December
2020 and 2019**

The Company's share of paid-in capital of Guangci	28,968
Less: consideration paid to the then equity owner for acquisition of Guangci under common control	(215,330)
Merger reserve	(186,362)

- (b) The reserve of excess of the consideration over carrying amount of the non-controlling interests acquired represented RMB699,147 thousand arising from acquisition of 49% equity interests of Gaojie Expressway in 2006 and RMB10,969 thousand arising from acquisition of 4.47% equity interests of Guangci in 2012.

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19 DEFERRED INCOME

	As at 31 December	
	2020	2019
Government grants	24,486	26,409

Deferred income represents government grants relating to assets and is amortised over 16 to 25 years (Note 2.20).

Amortisation of RMB2,174 thousand (2019: RMB2,174 thousand) has been charged in “other income and gains – net” (Note 27). Amortisation of RMB1,208 thousand (2019: Nil) has been deducted from “finance costs”

20 TRADE AND OTHER PAYABLES

	As at 31 December	
	2020	2019
Trade payables – payables on acquisition of concession intangible assets	996,736	1,290,824
Current portion of long-term payables (Note 23)	69,792	168,612
Deposits for construction projects	67,301	65,414
Staff salaries and welfare	28,954	31,932
Other taxation payables	20,798	16,325
Interest payable	14,971	6,325
Service fee payable for upgrading of online toll platform	10,116	–
Service fee payable for collection of toll roads income	4,291	3,488
Others	31,904	28,483
	1,244,863	1,611,403

As at 31 December 2020, trade and other payables of RMB380,003 thousand (2019: RMB477,554 thousand) were aged over one year. These payables were mainly payables on acquisition of concession intangible assets which will be settled after construction completion and current portion of long-term payables.

As at 31 December 2020 and 2019, the fair values of trade and other payables, except for staff salaries and welfare, other taxation payables and advance from customers approximated their carrying amounts.

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21 BORROWINGS

	As at 31 December 2020		As at 31 December 2019	
	Interest rate per annum	Amount	Interest rate per annum	Amount
Long-term bank borrowings				
Denominated in RMB				
– guaranteed and unsecured (a)	4.41%-4.90%	464,229	4.41%-4.90%	698,347
– pledged (b)	1.20%-4.90%	1,470,221	1.20%-4.90%	1,409,550
		1,934,450		2,107,897
Less: current portion				
Denominated in RMB				
– guaranteed and unsecured (a)	4.41%-4.90%	(176,054)	4.41%-4.90%	(226,039)
– pledged (b)	1.20%-4.90%	(116,421)	1.20%-4.90%	(69,160)
		(292,475)		(295,199)
Non-current borrowings		1,641,975		1,812,698
Short-term bank borrowings				
Denominated in RMB				
– unsecured (a)	3.05%-3.75%	245,000	–	–
– pledged (b)	3.915%	50,000	–	–
		295,000		–
Current portion of long-term borrowings		292,475		295,199
Current borrowings		587,475		295,199
Total borrowings		2,229,450		2,107,897

(a) Bank borrowings of RMB191,556 thousand were guaranteed by XCIC, a non-controlling interest of subsidiaries; RMB228,000 thousand were guaranteed by the ATHC; RMB44,673 thousand were guaranteed by the Company and RMB245,000 thousand were guaranteed the Ningxuanhang as at 31 December 2020 (2019: RMB205,671 thousand were guaranteed by XCIC; RMB332,372 thousand were guaranteed by the ATHC; and RMB160,304 thousand were guaranteed by the Company).

(b) As at 31 December 2020, bank borrowings of RMB540,000 thousand was pledged by estimated future toll roads cash inflow from the completion of reform and expansion of Hening Expressway (2019: RMB580,000 thousand), bank borrowings of RMB870,221 thousand was pledged by estimated future toll roads cash inflow from Ningxuanhang Expressway Liqiao to Xuancheng Section (2019: RMB829,550 thousand), and bank borrowings of RMB110,000 thousand was pledged by estimated future toll roads cash inflow from Ningxuanhang Expressway Xuancheng to Ningguo Section (2019: Nil).

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21 BORROWINGS (CONTINUED)

As at 31 December 2020 and 2019, the Group's borrowings are repayable as follows:

	As at 31 December	
	2020	2019
Within 1 year	587,475	295,199
Between 1 and 2 years	210,483	231,742
Between 2 and 5 years	507,007	627,228
Over 5 years	924,485	953,728
	2,229,450	2,107,897

The Group has the following un-drawn borrowing facilities at the balance sheet date:

	As at 31 December	
	2020	2019
Expiring within one year	1,595,000	1,649,890

The exposure of the Group's bank borrowings to interest rate changes and the contractual repricing dates at the end of reporting period are as follows:

	As at 31 December	
	2020	2019
Within 1 year	2,229,450	2,107,897

As at 31 December 2020 and 2019, the fair values of current and non-current borrowings approximated their carrying amounts as the discounting impact is not significant.

22 PROVISION – MAINTENANCE/RESURFACING OBLIGATIONS (NOTE 4(B))

Balance at 31 December 2018	23,010
Accrual of provision	16,104
Balance at 31 December 2019	39,114
Reversal of provision	(3,895)
Balance at 31 December 2020	35,219

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23 LONG-TERM PAYABLES

	Year ended 31 December	
	2020	2019
Long-term payables to XCIC (Note 10(a) (b))		
Beginning of the year	202,692	300,388
Additions – interest-bearing loans	10,000	–
Repayments	(74,000)	(33,355)
Debt conversion (a)	–	(78,123)
Amortisation – charged to income statement (Note 31)	10,477	13,782
End of the year	149,169	202,692
Long-term payables to ATHC (Note 10(b))		
Beginning of the year	358,420	1,019,478
Additions – interest-bearing loans	164,428	–
Repayments	(79,320)	(360,110)
Debt conversion (a)	–	(305,388)
Amortisation – charged to income statement (Note 31)	–	4,440
End of the year	443,528	358,420
Long-term payables – total	592,697	561,112
Less: current portion of long-term payables (Note 20)	(69,792)	(168,612)
	522,905	392,500

(a) Debt conversion

The Company, ATHC and XCIC (the “Shareholders”) entered into a debts conversion agreement with Ningxuanhang, which became effective on 3 April 2019. According to the agreement, all interest-free long-term shareholders’ loans as at 31 December 2017 and all receipt from Shareholders during the period from 1 January 2018 to 28 December 2018 were converted to shareholders’ investment and recorded in other reserve.

As at 31 December 2020, the carrying amount of long-term interest-free payables were RMB133,769 thousand (2019: RMB197,292 thousand) (Note 10). The carrying amount of long-term interest-bearing payables were RMB458,928 thousand (2019: RMB363,820 thousand), and the principal of the payables were repayable from 2023 to 2028 (2019: 2020 to 2028) with the interest rate ranged from 4.75% to 4.90% (2019: 4.41% to 5.84%).

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23 LONG-TERM PAYABLES (CONTINUED)

(a) Debt conversion (Continued)

The carrying amounts and fair values of long-term payables (including current portion) are as follows:

	Carrying amounts		Fair values	
	As at 31 December		As at 31 December	
	2020	2019	2020	2019
Long-term payables to ATHC	443,528	358,420	443,528	358,420
Long-term payables to XCIC	149,169	202,692	151,023	206,155
	592,697	561,112	594,551	564,575

The fair values of long-term payables are based on cash flows discounted using 4.75%, the annual five-year borrowing interest rate published by the People's Bank of China for long-term bank loans as at 31 December 2020 (2019: 4.90%).

The undiscounted amounts of long-term payables (including current portion) are as follows:

	As at 31 December	
	2020	2019
Long-term payables to ATHC	443,528	358,420
Long-term payables to XCIC	158,248	222,248
	601,776	580,668

24 DEFERRED TAX ASSETS AND LIABILITIES

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset and when the deferred taxes relate to the same tax authority. The deferred income tax balance before offsetting are as follows:

	As at 31 December	
	2020	2019
Deferred tax assets:		
– Deferred tax to be realised after more than 12 months	45,006	46,714
– Deferred tax to be realised within 12 months	14,710	15,915
	59,716	62,629

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24 DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

	As at 31 December	
	2020	2019
Deferred tax liabilities:		
– Deferred tax to be settled after more than 12 months	(54,983)	(45,047)
– Deferred tax to be settled within 12 months	(6,306)	(8,643)
	(61,289)	(53,690)

The movements on the Group's deferred income tax assets and liabilities, without taking into consideration the offsetting of balance within the same tax jurisdiction, are as follows:

Deferred income tax assets	Accounting for government grants	Provision	Accrued bonus	Accounting for interest bearing shareholder's loans	Fair value change of financial assets at FVOCI	Provision for impairment of other receivables	Tax loss carried forward	Total
Balance at 1 January 2019	7,147	5,753	6,341	17,098	19,675	38	53,222	109,274
Deferred taxation charged to income statement	(544)	2,596	–	(655)	–	(12)	(53,222)	(51,837)
Deferred taxation charged to other comprehensive income	–	–	–	–	5,192	–	–	5,192
Balance at 31 December 2019	6,603	8,349	6,341	16,443	24,867	26	–	62,629
Deferred taxation charged to income statement	(482)	(1,339)	–	(655)	–	74	–	(2,402)
Deferred taxation charged to other comprehensive income	–	–	–	–	(511)	–	–	(511)
Balance at 31 December 2020	6,121	7,010	6,341	15,788	24,356	100	–	59,716

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24 DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

Deferred income tax liabilities	Valuation of assets and depreciation – toll roads	Valuation and amortisation of toll roads related land use rights	Accounting for interest-free long-term payables	Amortisation difference between accounting and tax regulations	Fair value change of financial assets at FVPL	Others	Total
Balance at 1 January 2019	(16,791)	(2,611)	(134,872)	(25,751)	–	(775)	(180,800)
Deferred taxation charged to income statement	2,163	345	4,822	2,396	(579)	274	9,421
Deferred taxation charged to equity	–	–	117,689	–	–	–	117,689
Balance at 31 December 2019	(14,628)	(2,266)	(12,361)	(23,355)	(579)	(501)	(53,690)
Deferred taxation charged to income statement	633	91	2,887	2,396	(13,763)	157	(7,599)
Balance at 31 December 2020	(13,995)	(2,175)	(9,474)	(20,959)	(14,342)	(344)	(61,289)

The unrecognised deferred income tax of loss and deductible temporary differences are set out as follows:

	As at 31 December	
	2020	2019
Deductible temporary differences	41,471	106,635
Tax loss	1,501,788	1,226,329
	1,543,259	1,332,964

Deferred income tax assets aren't recognised for tax loss that the realisation of the related tax benefit through future taxable profits is not probable. The expire date of the carrying forward of these tax loss are set out as follows:

	As at 31 December	
	2020	2019
2020	–	130,324
2021	240,386	240,386
2022	221,403	221,403
2023	311,484	311,484
2024	328,806	322,731
2025	399,709	–
	1,501,788	1,226,328

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24 DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

Offsetting of deferred income tax assets and liabilities:

	As at 31 December	
	2020	2019
Deferred tax assets	(40,329)	(27,943)
Deferred tax liabilities	40,329	27,943

The net carrying amounts of deferred income assets and liabilities taking into consideration the offsetting of balances are set out as follows:

	As at 31 December	
	2020	2019
Deferred tax assets	19,387	34,686
Deferred tax liabilities	(20,960)	(25,747)

25 FINANCIAL INSTRUMENTS BY CATEGORY

The Group holds the following financial instruments:

Financial assets	As at 31 December	
	2020	2019
Deferred tax assets		
Deferred tax liabilities		
Financial assets at amortised cost		
– Other receivables (Note 14)	158,181	205,316
– Cash and cash equivalents (Note 16)	1,967,754	1,905,261
– Time deposits with original maturity over three months (Note 16)	321,683	201,792
Financial assets at FVOCI (Note 12)	118,326	315,531
Financial assets at FVPL (Note 13)	1,363,816	422,317
	3,929,760	3,050,217

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25 FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

Financial liabilities	As at 31 December	
	2020	2019
Liabilities at amortised cost		
– Trade and other payables (Note 20) (i)	1,125,319	1,394,534
– Borrowings (including current portion) (Note 21)	2,229,450	2,107,897
– Long-term payables (including current portion) (Note 23)	592,697	561,112
	3,947,466	4,063,543

(i) Excluding non-financial liabilities (staff salaries and welfare, current portion of long-term payables and other taxation payables).

The Group's exposure to various risks associated with the financial instruments is discussed in Note 3. The maximum exposure to credit risk at the end of the year is the carrying amount of each class of financial assets mentioned above.

26 REVENUE

	Year ended 31 December	
	2020	2019
Toll income from toll roads operation	2,411,624	2,752,083
Service income from management of toll roads (Note 38(b))	131,709	119,944
Revenue from construction or upgrade work under Service Concessions	81,737	1,694,008
Rental income (Note 38(b))	54,518	51,107
– from toll gas stations (a)	29,436	23,534
– from toll road service sectors (b)	9,076	10,726
– from other investment properties	16,006	16,847
Service income from roads emergency assistance	25,907	15,026
Interest income from pawn loans to customers	5,981	4,226
Others	2,793	4,037
	2,714,269	4,640,431

(a) Pursuant to a lease agreement with Anhui Expressway Petrochemical Co., Ltd. (“安徽省高速石化有限公司”, “AEPC”), a subsidiary of ATHC, the Company's gas stations were leased to AEPC with annual rental fee of RMB25,890 thousand. The lease period will be expired by 31 March 2021.

Pursuant to a lease agreement with AEPC, Ningxuanhang's gas station was leased to AEPC with annual rental fee of RMB1,207 thousand. The lease period will be expired by 31 December 2020.

(b) Pursuant to a lease agreement with Anhui Yida Toll Road Service Sector Management Co., Ltd. (“安徽省驛達高速公路服務區經營管理有限公司”, “YTMC”), a subsidiary of ATHC, the Company's toll road service sectors were leased to YTMC with annual rental fee of RMB8,963 thousand starting from year 2020, which will increase by 2% each year. The lease period was from 1 January 2020 to 30 April 2022.

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26 REVENUE (CONTINUED)

(b) (Continued)

Pursuant to a lease agreement with YTMC, Guangci's toll road service sectors were leased to YTMC with annual rental fee of RMB1,800 thousand. The lease period was from 1 August 2009 to 20 July 2029.

Pursuant to a lease agreement with YTMC, Ningxuanhang's toll road service sectors was leased to YTMC. The lease period was from 1 January 2018 to 31 December 2020.

27 OTHER INCOME AND GAINS – NET

	Year ended 31 December	
	2020	2019
Other income		
– Interest income	31,369	68,587
– Dividend income (Notes 11, 12, 13)	28,053	34,663
– Government grants relating to profits	3,841	461
– Amortisation of government grants relating to assets (Note 19)	2,174	2,174
	65,437	105,885
Other gains – net		
– Fair value gains on financial assets at FVPL (Note 13)	105,427	11,891
– Net gains/(losses) from disposal of property, plant and equipment	2,212	(58)
– Losses from disposal of investment properties	(5,782)	–
– Losses from disposal of concession intangible assets	–	(230)
– Others	(4,809)	4,422
	97,048	16,025
Other income and gains – net	162,485	121,910

28 EXPENSES BY NATURE

Expenses included in cost of sales and administrative expenses are analysed as follows:

	Year ended 31 December	
	2020	2019
Depreciation and amortisation expenses (Notes 5, 6, 7, 8, 9)	750,000	726,166
Employee benefit expenses (Note 30)	337,976	340,001
Repair and maintenance expenses	192,742	195,951
Costs for outsourced construction or upgrade work under the Service Concessions (Note 2.6)	81,737	1,694,008
Taxes and surcharges	20,675	23,820
Auditor's remuneration		
– Annual audit services	2,100	2,100
Others	125,463	117,769
	1,510,693	3,099,815

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29 NET IMPAIRMENT REVERSAL ON FINANCIAL ASSETS

	Year ended 31 December	
	2020	2019
Impairment reversal for pawn loans to customers (Note 14(b))	1,605	3,174
Impairment losses for other receivables (Note 14(c))	(791)	(336)
	814	2,838

30 EMPLOYEE BENEFIT EXPENSES

	Year ended 31 December	
	2020	2019
Salaries and wages	243,983	240,561
Social security and housing benefits	46,446	58,310
Supplementary pension insurance	13,768	15,186
Termination benefits	8,189	–
Other welfares	25,590	25,944
	337,976	340,001

As at 31 December 2020, the number of employees of the Group was 2,089 (2019: 2,181).

(a) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for 2020 include one executive director, three supervisors and one chief executive (2019: two executive directors, one supervisor and two chief executives), whose emoluments are reflected in Note 41.

31 FINANCE COSTS

	Year ended 31 December	
	2020	2019
Interest expenses	119,343	125,903
Including: amortisation of long-term payables (Note 23)	10,477	18,222
Less: capitalised interest expenses (Note 5)	–	(7,071)
	119,343	118,832

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32 TAXATION

The amount of taxation charged to the consolidated income statement represents:

	Year ended 31 December	
	2020	2019
Current taxation – CIT (a)	372,161	455,764
Deferred taxation charged to the consolidated income statement (Note 24)	10,001	42,416
	382,162	498,180

(a) Hong Kong profits tax and the PRC Corporate Income Tax

The Company, its subsidiaries and associates determine and pay the PRC Corporate Income Tax (“CIT”) in accordance with the CIT Law as approved by the National People’s Congress on 16 March 2007. Under the CIT Law, the CIT rate applicable to the Company, its subsidiaries (except AEHK), and associates is 25%. And the CIT rate applicable to AEHK is 16.5% (the Hong Kong profits tax rate).

(b) Withholding tax (“WHT”) for dividend paid to foreign investors

Pursuant to Cai Shui [2008] Circular 1 jointly issued by the Ministry of Finance and the State Administration of Taxation, where the Company declares dividend in or after 2008 and beyond out of the cumulative retained earnings as of 31 December 2007 (i.e. 2007 retained earnings), such dividends earned by the foreign shareholders are exempted from WHT; For dividend which arises from the Company’s profit earned after 1 January 2008, WHT is levied on the foreign institute shareholders. Pursuant to the new CIT law and the detailed implementation regulations, foreign shareholders are subject to a 10% WHT for the dividend repatriated by the Company starting from 1 January 2008. For certain treaty jurisdictions such as Hong Kong which has signed tax treaties with the PRC, the WHT rate is 5%. The Company will fulfill the obligation of WHT in 2021 for dividends related to 2020 which will be paid to foreign shareholders.

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32 TAXATION (CONTINUED)

(c) The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the CIT rate for the Group as follows:

	Year ended 31 December	
	2020	2019
Profit before income tax	1,245,972	1,550,142
Tax calculated at domestic tax rates applicable to profits in the respective countries	311,493	387,536
Expenses not deductible for tax purpose	935	157
Income not subject to income tax	(5,297)	(9,578)
Tax adjustment made after tax filing by tax bureau	560	244
Deductible temporary differences not recognised as deferred tax assets during the year	96	1,558
Utilisation of previously unrecognised deductible temporary differences	(16,387)	(6,558)
Tax losses and deductible temporary differences not recognised as deferred income tax assets during the year	99,927	133,986
Others	(9,165)	(9,165)
Tax charges	382,162	498,180

33 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the consolidated profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year. The Company has no dilutive potential shares.

	Year ended 31 December	
	2020	2019
Profit attributable to equity holders of the Company	916,104	1,089,855
Weighted average number of ordinary shares in issue (thousand)	1,658,610	1,658,610
Basic earnings per share (expressed in RMB per share)	0.5523	0.6571

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34 DIVIDENDS

The dividends paid during the years ended 31 December 2020 and 2019 were RMB381,480 thousand (RMB0.23 per share) and RMB414,653 thousand (RMB0.25 per share) respectively. A final dividend in respect of 2020 of RMB0.23 per share, amounting to a total dividend of RMB381,480 thousand was proposed at the Board meeting on 26 March 2021. These consolidated financial statements do not reflect this proposed final dividend payable and the amount of which are as below:

	Year ended 31 December	
	2020	2019
Proposed final dividend of RMB0.23 (2019: RMB0.23) per ordinary share	381,480	381,480

35 APPROPRIATION

(a) Statutory surplus reserve fund

In accordance with the PRC Company Law, the Company and its subsidiaries shall appropriate 10% of their annual statutory net income (after offsetting any prior years' loss) to the statutory surplus reserve fund. When the balance of such reserve reaches 50% of a company's share capital or registered capital, any further appropriation is optional. The statutory surplus reserve fund can be utilised to offset prior years' loss or to issue bonus shares/paid-in capital. However, such statutory surplus reserve fund must be maintained at a minimum of 25% of share capital/registered capital after such utilisation.

The balance of statutory surplus reserve has reached 50% of the Company's share capital. As a result, the Company did not appropriate statutory surplus reserve fund in 2020 in accordance with the PRC Company Law.

(b) Dividends distribution

According to the Articles of Association of the Company, the dividends distribution by the Company to its shareholders is based on the lower of the retained earnings in the Company's statutory financial statements and in the Company's financial statements prepared in accordance with HKFRSs. As at 31 December 2020, the retained earnings in the Company's financial statements prepared in accordance with HKFRSs amounted to RMB8,204,302 thousand, which was lower than the retained earnings reflected in the Company's statutory financial statements.

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36 NOTES TO CONSOLIDATED CASH FLOW STATEMENT

(a) Cash generated from operating activities

Reconciliation from profit before income tax to net cash inflow from operating activities:

	Year ended 31 December	
	2020	2019
Profit before income tax	1,245,972	1,550,142
Adjustments for:		
Amortisation of concession intangible assets (Note 5)	599,549	600,617
Depreciation of property, plant and equipment (Note 7)	126,288	103,406
Depreciation of investment properties (Note 8)	19,002	17,784
Amortisation of right-of-use assets (Note 6)	763	1,065
Amortisation of intangible assets (Note 9)	4,398	3,294
Impairment reversal for pawn loans to customers (Note 29)	(1,605)	(3,174)
Impairment losses for other receivables (Note 29)	791	336
Net (gain)/loss on disposal of property, plant and equipment (Note 27)	(2,212)	58
Loss on disposal of investment properties (Note 27)	5,782	–
Loss on disposal of concession intangible assets (Note 27)	–	230
Share of loss/(profit) of associates (Note 11)	1,560	(3,610)
Dividend income (Note 27)	(28,053)	(34,663)
Fair value gains on financial assets at FVPL (Note 27)	(105,427)	(11,891)
Interest income (Note 27)	(31,369)	(68,587)
Interest expenses (Note 31)	119,343	118,832
	1,954,782	2,273,839
Increase in inventories	(482)	(645)
Addition of concession intangible assets (Note 5)	(81,737)	(1,694,008)
Adjustment of cost of concession intangible assets (Note 5)	69,956	–
Decrease in receivables and prepayments	16,590	20,055
(Decrease)/increase in other operating liabilities	(251,493)	550,160
(Decrease)/increase in provision	(3,895)	16,104
Cash generated from operating activities	1,703,721	1,165,505

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36 NOTES TO CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

(b) Net debts reconciliation

	Year ended 31 December					
	2020	2019				
Cash and cash equivalents	1,967,754	1,905,261				
Borrowings – repayable within 1 year	(587,475)	(295,199)				
Borrowings – repayable after 1 year	(1,641,975)	(1,812,698)				
Long-term payables – repayable within 1 year	(69,792)	(168,612)				
Long-term payables – repayable after 1 year	(522,905)	(392,500)				
Net debts	(854,393)	(763,748)				
Cash and cash equivalents	1,967,754	1,905,261				
Gross debt – fixed interest rate	(835,000)	(580,000)				
Gross debt – floating interest rate	(1,853,378)	(1,891,717)				
Gross debt – interest free	(133,769)	(197,292)				
Net debts	(854,393)	(763,748)				
	Cash and cash equivalents	Borrowings due within 1 year	Borrowings due after 1 year	Long-term payables due within 1 year	Long-term payables due after 1 year	Total
Net debts as at 1 January 2019	2,453,475	(145,688)	(1,562,897)	(240,078)	(1,079,788)	(574,976)
Net cash flows	(548,266)	145,688	(545,000)	193,355	200,110	(554,113)
Foreign exchange adjustments	52	–	–	–	–	52
Other non-cash movements	–	(295,199)	295,199	(121,889)	487,178	365,289
Net debts as at 31 December 2019	1,905,261	(295,199)	(1,812,698)	(168,612)	(392,500)	(763,748)
Net cash flows	62,746	283,447	(405,000)	153,320	(174,428)	(79,915)
Foreign exchange adjustments	(253)	–	–	–	–	(253)
Other non-cash movements	–	(575,723)	575,723	(54,500)	44,023	(10,477)
Net debts as at 31 December 2020	1,967,754	(587,475)	(1,641,975)	(69,792)	(522,905)	(854,393)

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37 COMMITMENTS

Capital expenditure at the balance sheet date but not yet incurred is as follows:

	As at 31 December	
	2020	2019
Contracted but not provided for		
– Concession intangible assets	146,588	–
– Property, plant and equipment	56,016	90,875
	202,604	90,875

38 RELATED PARTY TRANSACTIONS

The Company's parent company is ATHC, a state-owned enterprise established in Anhui Province, the PRC, and is controlled by the PRC government. It owns a significant portion of the expressway assets in Anhui Province.

In accordance with HKAS 24 (Revised), "Related Party Disclosures", government related entities and their subsidiaries, directly or indirectly controlled, jointly controlled or significantly influenced by the PRC government are defined as related parties of the Group. On that basis, related parties include ATHC and its subsidiaries (other than the Group), other government-related entities and their subsidiaries, other entities and corporations in which the Company is able to control or exercise significant influence and key management personnel of the Company and ATHC as well as their close family members.

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38 RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Name of related party and relationship

Name	Relationship with the Group
ATHC	Parent company
ALEC	Subsidiary of ATHC
AEPC	Subsidiary of ATHC
YTMC	Subsidiary of ATHC
WTMC	Subsidiary of ATHC
AENO	Subsidiary of ATHC
ATCIM	Subsidiary of ATHC
ATCD	Subsidiary of ATHC
ATZFM	Significantly influenced by ATHC
ATGFM	Significantly influenced by ATHC
XCIC	Non-controlling interest of Xuan Guang, Ningxuanhang and Guangci
AEAC	Associate
ATII	Associate
Anhui Transportation Construction Management Co., Ltd. ("安徽省交控建設管理有限公司", "ATCMC")	Subsidiary of ATHC
Hefei Bangning Property Management Co., Ltd. ("合肥市邦寧物業管理有限公司", "BNMC")	Subsidiary of ATHC
Anhui Expressway Experiment Research Centre Co., Ltd. ("安徽省高速公路試驗檢測科研中心有限公司", "AERC")	Subsidiary of ATHC
Anhui Gaolu Construction Co., Ltd. ("安徽省高路建設有限公司", "AGCC")	Subsidiary of ATHC
Anhui Expressway Finance Lease Co., Ltd. ("安徽高速融資租賃有限公司", "AWFC")	Subsidiary of ATHC
Anhui Qixing Project Testing Co., Ltd. ("安徽省七星工程測試有限公司", "AQPT")	Subsidiary of ATHC
Anhui Huanyu Highway Construction Development Co., Ltd. ("安徽省環宇公路建設開發有限責任公司", "AHHCD")	Subsidiary of ATHC
Anhui Zhongxing Project Management Co., Ltd. ("安徽省中興工程監理有限公司", "AZPMC")	Subsidiary of ATHC
Anhui Anqing Expressway and Bridge Co., Ltd. ("安徽安慶長江公路大橋有限責任公司", "AAEBC")	Subsidiary of ATHC
Anhui Wangqian Expressway Co., Ltd. ("安徽望潛高速公路有限公司", "AWQEC")	Subsidiary of ATHC
Anhui Yangji Expressway Co., Ltd. ("安徽省揚績高速公路有限公司", "AYEC")	Subsidiary of ATHC
Anhui Liguang Expressway Co., Ltd. ("安徽省溧廣高速公路有限公司", "ALGEC")	Subsidiary of ATHC
Anhui Jinggong Construction General Co., Ltd. ("安徽省經工建設集團有限公司", "AJCG")	Subsidiary of ATHC

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38 RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Related party transactions

Save as disclosed elsewhere in these consolidated financial statements, during the years ended 31 December 2020 and 2019, the Group had the following significant transactions with related parties:

(i) Service income from management of toll roads

	Year ended 31 December	
	2020	2019
ATHC	88,800	82,192
ALGEC	14,108	11,067
AYEC	12,727	11,662
AAEBC	11,845	10,295
AWQEC	4,229	4,728
	131,709	119,944

(ii) Rental income

	Year ended 31 December	
	2020	2019
AEPC	26,054	21,626
YTMC	8,990	10,878
ATHC	5,994	6,469
ATCMC	1,085	476
ALEC	557	557
AWFC	421	421
ATCIM	329	329
WTMC	212	212
ATZFM	100	100
ATGFM	100	100
ATII	66	126
AWQEC	27	5
BNMC	21	27
ATCD	3	–
	43,959	41,326

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38 RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Related party transactions (Continued)

(iii) Purchase, construction, testing service and property management

	Year ended 31 December	
	2020	2019
AGCC	139,540	56,444
ATCD	11,525	2,775
AJCG	6,768	1,238
AHHCD	5,865	31,070
BNMC	3,233	3,058
AERC	2,994	1,644
AZPMC	2,291	4,681
AQPT	2,087	5,398
ATII	1,734	264
	176,037	106,572

It mainly represented payable to above related parties for purchase, construction and testing services in connection with expressway and service area and property management service in connection with High-tech Park, which is owned by the Company.

(iv) Rental expenses

	Year ended 31 December	
	2020	2019
XCIC	500	500

(v) Toll roads income received on behalf of the Group

	Year ended 31 December	
	2020	2019
AENO	2,362,762	2,670,759

(vi) Service fee for the collection of toll roads income

	Year ended 31 December	
	2020	2019
AENO	14,148	12,503

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38 RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Related party transactions (Continued)

(vii) Service fee for the upgrading of online toll platform

	Year ended 31 December	
	2020	2019
AENO	10,116	–

(viii) Interest expenses for interest bearing long-term payables

	Year ended 31 December	
	2020	2019
ATHC	19,820	33,234
XCIC	1,878	1,783
	21,698	35,017

(ix) Guarantee received

The long-term bank borrowings of RMB191,556 thousand and RMB228,000 thousand were guaranteed by XCIC and ATHC respectively (Note 21).

(x) Key management compensation

Key management includes directors (executive and non-executive), the Company Secretary, the head of Internal Audit and the head of Finance Department. The compensation paid or payable to key management for employee services is shown below:

	Year ended 31 December	
	2020	2019
Salaries and other short-term employee benefits	3,930	3,707

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38 RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Related party balances

(i) Other receivables (excluding current portion of loans to subsidiaries)

	As at 31 December 2020		As at 31 December 2019	
	Book value	Provision for impairment	Book value	Provision for impairment
AENO	55,300	(165)	73,863	(54)
YTMC	193	(1)	55	–
AEAC	–	–	22,080	(16)
	55,493	(166)	95,998	(70)

(ii) Trade payables

	As at 31 December	
	2020	2019
AGCC	105,008	36,177
ATCD	12,905	1,909
AHHCD	6,521	7,122
AZPMC	3,539	2,142
AERC	2,820	1,828
AQPT	1,358	784
ATII	1,129	280
AJCG	319	–
AEAC	63	41
BNMC	–	829
	133,662	51,112

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38 RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Related party balances (Continued)

(iii) Other payables

	As at 31 December	
	2020	2019
AENO	14,407	3,488
ATHC	12,039	3,782
YTMC	6,335	8,019
AGCC	6,036	2,035
AQPT	1,847	1,636
AEPC	1,150	5,354
ATCD	859	1,527
ATCMC	831	–
XCIC	624	265
ALEC	107	203
WTMC	100	100
ATCIM	86	146
AWFC	30	–
BNMC	19	24
ATGFM	17	28
AZPMC	16	120
ATII	7	–
AWQEC	2	2
	44,512	26,729

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38 RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Related party balances (Continued)

(iv) Long-term payables (including current portion)

	As at 31 December	
	2020	2019
ATHC	443,528	358,420
XCIC	149,169	202,692
	592,697	561,112

As at 31 December 2020 and 2019, amounts due from and due to the related parties as aforementioned, except for long-term payables to XCIC and ATHC as disclosed in Note 23, mainly arose from the above transactions and payments made by the Group and related parties on behalf of each other. These amounts are unsecured, interest-free and are repayable within 1 year.

39 EVENTS AFTER THE BALANCE SHEET DATE

Pursuant to a resolution of the Board of Meeting on 26 March 2021, a cash dividend of RMB381,480 thousand was proposed for the year ended 31 December 2020. Please refer to Note 34 for details.

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40 BALANCE SHEET AND RESERVES MOVEMENTS OF THE COMPANY

ASSETS	As at 31 December	
	2020	2019
Non-current assets		
Concession intangible assets	6,256,380	6,542,531
Right-of-use assets	7,571	8,334
Property, plant and equipment	816,972	734,391
Investment properties	314,397	309,348
Intangible assets	1,954	2,210
Investments in subsidiaries	1,432,521	1,462,521
Loans to subsidiaries	1,679,662	1,628,662
Investment in associates	24,999	21,999
Deferred income tax assets	17,882	25,715
Financial assets at FVPL	259,326	–
Financial assets at FVOCI	118,326	315,531
	10,929,990	11,051,242
Current assets		
Inventories	3,061	2,794
Receivables and prepayments	132,014	160,060
Financial assets at FVPL	1,104,491	422,317
Time deposits with original maturity over three months	320,000	200,000
Cash and cash equivalents	1,717,820	1,728,154
	3,277,386	2,513,325
Total assets	14,207,376	13,564,567

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40 BALANCE SHEET AND RESERVES MOVEMENTS OF THE COMPANY (CONTINUED)

EQUITY AND LIABILITIES	As at 31 December	
	2020	2019
Equity attributable to owners of the Company		
Ordinary share capital	1,658,610	1,658,610
Share premium	1,415,593	1,415,593
Other reserves (a)	867,268	866,356
Retained earnings (a)	8,234,793	7,546,568
Total equity	12,176,264	11,487,127
Liabilities		
Non-current liabilities		
Borrowings	460,000	540,000
Deferred income	24,486	26,409
	484,486	566,409
Current liabilities		
Trade and other payables	1,033,382	1,298,485
Current income tax liabilities	214,466	142,783
Provisions	23,778	29,763
Borrowings	275,000	40,000
	1,546,626	1,511,031
Total liabilities	2,031,112	2,077,440
Total equity and liabilities	14,207,376	13,564,567

The balance sheet of the Company was approved by the Board of Directors on 26 March 2021 and was signed on its behalf by:

Director (項小龍)

Director (唐軍)

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40 BALANCE SHEET AND RESERVES MOVEMENTS OF THE COMPANY (CONTINUED)

(a) Reserves movements of the Company

	Retained earnings	Other reserves
Balance at 1 January 2019	6,720,482	882,849
Profit for the year	1,239,823	–
Dividends paid relating to 2018	(414,653)	–
Usage of enterprise safety fund	916	(916)
Changes in fair value of financial assets at FVOCI, net of tax	–	(15,577)
Balance at 31 December 2019	7,546,568	866,356
Profit for the year	1,069,083	–
Dividends paid relating to 2019	(381,480)	–
Usage of enterprise safety fund	622	(622)
Changes in fair value of financial assets at FVOCI, net of tax	–	1,534
Balance at 31 December 2020	8,234,793	867,268

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41 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' and chief executives' emoluments

The remuneration of every director and chief executive is set out below:

For the year ended 31 December 2020:

Name	Fees	Salaries	Contribution to retirement benefit scheme	Other benefits	Total
Executive directors					
Mr. Xiang Xiaolong (i)	-	-	-	-	-
Mr. Yang Xiaoguang (ii)	-	-	-	-	-
Mr. Tang Jun* (ii)	-	102	29	-	131
Mr. Xie Xinyu*	-	533	64	-	597
Mr. Xu Zhen (ii) (resigned)	-	255	35	-	290
Mr. Chen Dafeng (ii) (resigned)	-	-	-	-	-
Non-executive directors					
Mr. Yang Xudong	-	-	-	-	-
Mr. Du Jian	-	-	-	-	-
Independent directors					
Mr. Liu Hao	80	-	-	-	80
Mr. Zhang Jianping (iii)	30	-	-	-	30
Ms. Fang Fang (iii)	45	-	-	-	45
Mr. Jiang Yifan (iii) (resigned)	75	-	-	-	75
Mr. Jiang Jun (iii) (resigned)	50	-	-	-	50
Supervisors					
Mr. Xu Zhen (iv)	-	166	18	-	184
Mr. Chen Jiping (iv)	-	178	21	-	199
Mr. Jiang Yue	-	-	-	-	-
Mr. Dai Hui (iv) (resigned)	-	516	62	-	578
Ms. Chen Yuping (iv) (resigned)	-	-	-	-	-
Chief executives					
Mr. Li Huimin	-	533	64	-	597
Mr. Chen Jiping (v) (resigned)	-	355	43	-	398
Ms. Deng Pin (v)	-	102	27	-	129
Ms. Dong Huihui	-	482	65	-	547
	280	3,222	428	-	3,930

(i) Mr. Xiang Xiaolong was appointed as executive director on 4 February 2020.

(ii) Mr. Yang Xiaoguang and Mr. Tang Jun were appointed as executive directors on 17 August 2020. Mr. Xu Zhen and Mr. Chen Dafeng resigned from the position on 17 August 2020.

(iii) Mr. Zhang Jianping and Ms. Fang Fang were appointed as independent directors on 17 August 2020. Mr. Jiang Yifan and Mr. Jiang Jun resigned from the position on 17 August 2020.

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41 BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

(a) Directors' and chief executives' emoluments (Continued)

- (iv) Mr. Xu Zhen and Mr. Chen Jianping were appointed as supervisors on 17 August 2020. Mr. Dai Hui and Ms. Chen Yuping resigned from the position on 17 August 2020.
- (v) Ms. Deng Pin was appointed as chief executive on 24 June 2020. Mr. Xu Zhen and Mr. Chen Jianping were resigned from the position on 17 June 2020

* In 2020, Mr. Tang Jun and Mr. Xie Xinyu also acted as the chief executive of the Company.

For the year ended 31 December 2019:

Name	Fees	Salaries	Contribution to retirement benefit scheme	Other benefits	Total
Executive directors					
Mr. Qiao Chuanfu (i)	-	-	-	-	-
Mr. Chen Dafeng	-	-	-	-	-
Mr. Xu Zhen*	-	532	72	-	604
Mr. Xie Xinyu*	-	507	66	-	573
Non-executive directors					
Mr. Yang Xudong	-	-	-	-	-
Mr. Du Jian	-	-	-	-	-
Independent directors					
Mr. Jiang Yifan	120	-	-	-	120
Mr. Jiang Jun	80	-	-	-	80
Mr. Liu Hao	80	-	-	-	80
Supervisors					
Mr. Jiang Yue	-	-	-	-	-
Mr. Dai Hui	-	507	66	-	573
Ms. Chen Yuping	-	-	-	-	-
Chief executives					
Mr. Li Huimin	-	507	66	-	573
Mr. Chen Jiping	-	507	66	-	573
Ms. Dong Huihui	-	464	67	-	531
	280	3,024	403	-	3,707

- (i) Mr. Qiao Chuanfu resigned from the position on 12 December 2019.

* In 2019, Mr. Xu Zhen and Mr. Xie Xinyu also acted as the chief executive of the Company.

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41 BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

(a) Directors' and chief executives' emoluments (Continued)

Those directors and supervisors who did not receive any remuneration from the Group during 2020 also have positions in the Company's two largest shareholders (ATHC and China Merchants Huajian Highway Investment Co., Ltd.) who borne all of their remuneration and did not recharge any amount to the Group. Same for 2019.

(b) Directors' retirement benefits

There is no retirement benefits by a defined benefit pension plan operated by the Group.

(c) Directors' termination benefits

There is no directors' termination benefits operated by the Group.

(d) Consideration provided to third parties for making available directors' services

For the years ended 31 December 2020 and 2019, no consideration was provided to third parties for making available directors' services.

(e) Information about loans, quasi-loans and other dealings in favour of directors, bodies corporate controlled by or entities connected with directors

For the years ended 31 December 2020 and 2019, there were no loans, quasi-loans and other dealings in favour of directors, bodies corporate controlled by or entities connected with directors.

Documents Available for Inspection

Directory of documents Available for Inspection	The original copy of the annual report signed by the Chairman;
Directory of documents Available for Inspection	The accountant's report, signed by the legal representative, director in charge of accounting work, and director in charge of accounting firm and stamped with corporate seal;
Directory of documents Available for Inspection	The original copy of auditor's report, sealed by PricewaterhouseCoopers Zhong Tian LLP, signed by the registered accountant; the financial statement prepared in accordance with the PRC Accounting Standards; the original copy of auditor's report signed by PricewaterhouseCoopers and the financial statement prepared in accordance with the Hong Kong Accounting Standards;
Directory of documents Available for Inspection	The original copies of corporate documents and announcements published in the Shanghai Securities News and China Securities Journal;
Directory of documents Available for Inspection	The Articles of Association.

Chairman: Xiang Xiaolong

The date of the approval of the board: 26 March 2021

I. PROFILE OF THE HIGHWAYS

Name of roads	Length (km)	Number of lanes	Number of toll stations	Number of service areas	Terms of operation
Hening Expressway	134	8	12	4	Commencing from 16 August 1996 to 15 August 2026
New Tianchang Section of National Trunk 205	30	4	1	–	Commencing from 1 January 1997 to 31 December 2026
Gaojie Expressway	110	4	3	4	Commencing from 1 October 1999 to 30 September 2029
Xuanguang Expressway	84	4	6	1	Commencing from 1 January 1999 to 31 December 2028 (South Ring Road: Commencing from 1 September 2003 to 31 December 2028)
Lianhuo Expressway Anhui Section	54	4	3	1	Commencing from 1 January 2003 to 30 June 2032
Guangci Expressway	14	4	–	1	Commencing from 20 July 2004 to 20 July 2029
Ninghuai Expressway Tianchang Section	14	6	1	1	Commencing from 18 December 2006 to 17 June 2032
Ningxuanhang Expressway (Anhui Section)	117	4	6	3	

Note:

- On 8 September 2013, the section of Xuancheng to Ningguo of Ningxuanhang Expressway Anhui Section was officially opened to traffic for trial operation. The length of toll road is 46 kilometres and the temporary granted concession period is starting from 8 September 2013 and ending to 7 September 2043. In December 2015, the section of Ningguo to Qianqiuguan of Ningxuanhang Expressway was officially opened to traffic. The length of toll road is 40 kilometres and the temporary granted concession period is starting from 19 December 2015 to 18 December 2045.
- In December 2017, the section of Liqiao to Xuancheng of Ningxuanhang Expressway was officially opened to traffic. The length of toll road is 31 kilometres and the temporary granted concession period is 5 years starting from December 2017 to December 2022. The formal granted concession period will be determined according to future assessment and relevant provisions.

Appendix:

Hening Expressway (G40 Hushan Expressway Hening Section)

Hening Expressway is a 134km long dual carriageway eight-lane expressway owned by the Company in Anhui Province linking Dashushan and Zhouzhuang. This expressway forms an integral part of the “Two Verticals and Two Horizontals” National Trunk Highway from Shanghai to Chengdu in Sichuan Province, which also forms part of the National Trunk 312 linking Shanghai and Yining in Xinjiang. It is currently a major source of profit and cash flow for the Company.

The New Tianchang Section of National Trunk 205

The New Tianchang Section of National Trunk 205 is a dual carriageway four-lane vehicular highway of Class 1 standard of 30km long situated in Tianchang in Anhui Province. Tianchang Section is a part of National Trunk 205, which starts in Shanhaiguan, Hebei Province and ends in Guangzhou, Guangdong Province. This national trunk also forms part of the highway linking Lianyungang and Nanjing in Jiangsu Province.

Ninghuai Expressway Tianchang Section

Ninghuai Expressway Tianchang Section is an important road section of Ninghuai Expressway, with a whole length of 13.989km, and has the standard of dual carriageway six-lane expressway. It was completed and opened to traffic on 18 December 2006. The road runs through Tianchang city east of Anhui Province, starting from the terminal of the Jiangsu Nanjing Section of Ninghuai Expressway in Tianchang city, and ending at the Jiangsu Huaian Section of the Ninghuai Expressway. It is an important part in the key highway and national “7918” expressway network from Changchun to Shenzhen and an important highway driving the economic development of the eastern Anhui and the whole of northern Jiangsu, at the same time is also an important part in the key backbone in the trunk road network in Anhui Province. It directly or indirectly links various National Trunks of Hurong, Jinghu, Tongshan, Lianhuo, Ninghang and national key planned highway constructions of Jiayin to Nanping, Shanghai to Luoyang.

Gaojie Expressway (G50 Huyu Expressway Gaojie Section)

The Gaohe to Jiezidun Expressway, with a length of approximately 110km, is a dual carriageway four-lane expressway that forms part of the “Two Verticals and Two Horizontals” National Trunk System between Shanghai to Chengdu in Sichuan. The expressway, originating from Gaohe Town, Huaining County, Anhui Province, links up with the Hening Expressway, operated by the Company, through Hefei-Anqing Highway and terminates at the border between Hunan and Anhui at Jiezidun, Susong County, Anhui Province. It further runs westward to link up with cities like Wuhan, Chongqing and Chengdu and is an important trunk road that links up the central and western region with the southeastern coastal region.

Xuanguang Expressway (G50 Huyu Expressway Xuanguang Section)

The Xuanzhou to Guangde Expressway is an existing dual carriageway four-lane expressway located in the south-eastern part of Anhui Province with total mileage of 84km constructed in two phases. The Xuanzhou- Guangde section, which is about 67km long, was opened to traffic in September 1997. Xuanzhou south ring road is a 17km long expressway, which links Xuanguang Expressway near Shuangqiao, Xuanzhou, and was opened to traffic in July 2001 and merged into the Company in August 2003. This expressway starts from Xuanzhou in Anhui Province and ends near Jiepai, Guangde in Anhui Province and forms part of the National Trunk 318 extending from Shanghai to Nyalam in Tibet. National Trunk 318 is a key transport artery, linking the coastal regions with the inland and the western boarder of the PRC.

Guangci Expressway (G50 Huyu Expressway Guangci Section)

Guangci Expressway is an important part of Hefei-Hangzhou Highway, as well as a significant component of “one of the horizontal roads” designed in the highway network of Anhui province - “two roads along the rivers, three vertical roads, six horizontal roads and nine roads between cities”. The 14km-long route starts from Xuanguang Expressway, and stretches all the way to Cishangang-Jiepai Expressway which has been open to traffic with its whole length within the territory of Guangde County. Guangci Expressway is an inter-provincial highway connecting Hefei to Hangzhou, Shanghai, Jiangsu to Mount Huangshan and Hangzhou, which plays an important role in promoting the opening up and development as well as the economic growth of southern region of Anhui province, and in strengthening the cooperation and exchange among Anhui, Jiangsu, Zhejiang and Shanghai provinces.

Lianhuo Expressway Anhui Section (G30 Lianhuo Expressway Anhui Section)

Lianhuo Expressway Anhui Section is a 54km long dual carriage four-lane expressway, part of the “Two Verticals and Two Horizontals” National Trunk between Lianyungang in Jiangsu and Korgas in Xinjiang. Connecting with the highways located in Henan and Jiangsu Province and the expressways between Beijing and Fuzhou, it plays an important role in China’s politics, economy, military affairs and National Truck Networks.

Ningxuanhang Expressway Anhui Section

Ningxuanhang Expressway is a 117km long dual carriage four-lane expressway with asphalt concrete road surface, which starts at Jinshankou at the border between Anhui and Jiangsu, passing through Xuancheng and Ningguo, terminates at Qianqiuguan at the boarder between Anhui and Zhejiang. This expressway forms an important part of the “Four Verticals and Eight Horizontals” of expressway network in Anhui Province, which is the tie communicating Anhui and Zhejiang and linking two big economic regions of Nanjing and Hangzhou. This expressway is planned to be constructed by three sections, the first is Xuancheng to Ningguo section with a total length of 46 km, the second is Gaochun to Xuancheng section with a total length of 31 km and the third is Ningguo to Qianqiuguan section with a total length of 40 km.

Appendix:

II. TOLL RATES FOR EXPRESSWAYS

(I) Toll Rates for Expressways(Ninghuai Expressway Tianchang Section excluded)

1. Toll Rates for Passenger Vehicles

Use the current toll rates for passenger vehicles. In accordance with the relevant regulations on the classification of passenger vehicles in “Vehicle classification of the toll for highway”, the 8 and 9 passenger vehicles had been adjusted from “type 2” to “type 1”, and had implemented the charging standard of class 1 buses.

Passenger Vehicles type	Vehicles classification	Approved passengers capacity	Toll rates (RMB / vehicle km)
Type 1	Microbus, minibus	≤9	0.45
Type 2	medium bus passenger/car trailer combination	10-19 –	0.8
Type 3	motorbus	≤39	1.1
Type 4		≥40	1.3

2. Toll Rates for Goods vehicles

Vehicle type classification	JT/T489–2019 Standard of Classification	Toll rates (RMB/km)
Type 1	With 2 axles, the vehicles length is less than 6,000mm and the maximum allowable total mass is less than 4,500kg	0.45
Type 2	With 2 axles, the vehicles length is not less than 6,000mm or the maximum allowable total mass is not less than 4,500kg	0.90
Type 3	With 3 axles	1.35
Type 4	With 4 axles	1.70
Type 5	With 5 axles	1.85
Type 6	With 6 axles	2.20

For goods vehicles with more than six axles, on the basis of the toll rates for goods vehicles of type 6, the toll rates shall be determined according to a factor of 1.1 for each additional axle; the toll rates for goods vehicles with 10 axles and above shall be implemented according to the toll rates for goods vehicles with 10 axles.

3. Toll Rates for Special Motor Vehicle

The toll rates for expressway special motor vehicle shall be charged according to the toll rates for the same type of goods vehicles.

(II) Toll Rates for Ninghuai Expressway Tianchang Section (charged according to the toll rates of Jiangsu Province)

1. Toll Rates for Passenger vehicles

Passenger Vehicles type	Approved passengers capacity	Toll rates (RMB/vehicle km)
Type 1	≤9	0.45
Type 2	10-19	0.675
Type 3	20-39	0.90
Type 4	≥40	0.90

2. Toll Rates for Goods vehicles

Goods vehicles type	Total axles (including suspension axle)	Length and maximum allowable total mass	Toll rates (RMB/vehicle km)
Type 1	2	The vehicle length is less than 6,000mm and the maximum allowable total mass is less than 4,500kg	0.45
Type 2	2	The vehicle length is not less than 6,000mm or the maximum allowable total mass is not less than 4,500kg	1.05
Type 3	3		1.57
Type 4	4		1.90
Type 5	5		1.94
Type 6	6		2.32

Appendix:

III. TOLL RATES FOR STANDARD HIGHWAYS

1. Toll Rates for Passenger Vehicles of the New Tianchang Section of National Trunk 205

Passenger Vehicles	Vehicles classification	Approved passengers capacity	Toll rates (RMB / vehicle km)
Type 1	Microbus, minibus	≤9	10
Type 2	medium bus passenger/car trailer combination	10-19 —	
Type 3	motorbus	≤39	12
Type 4		≥40	24

2. Toll Rates for Goods vehicles of the New Tianchang Section of National Trunk 205

Vehicle type classification	JT/T489–2019 Standard of Classification	Toll rates (RMB/vehicle per trip)
Type 1	With 2 axles, the vehicle length is less than 6,000mm and the maximum allowable total mass is less than 4,500kg	10
Type 2	With 2 axles, the vehicle length not be less than 6,000mm or the maximum allowable total mass not be less than 4,500kg	20
Type 3	With 3 axles	30
Type 4	With 4 axles	40
Type 5	With 5 axles	50
Type 6	With 6 axles	60

For goods vehicles with more than six axles, on the basis of the toll rates for goods vehicles of type 6, the toll rates shall be RMB10 per vehicle per trip; the toll rates for goods vehicles with 10 axles and above shall be implemented according to the toll rates for goods vehicles with 10 axles.

IV. THE ADDITIONAL TOLL RATES APPLICABLE TO LIXUAN EXPRESSWAY (EFFECTIVE FROM 0:00 A.M 1 JANUARY 2020)

The toll rates of Lixuan Expressway shall be the toll standard prescribed under the “Notices on Adjusting the Toll Rates method of Toll Road in Anhui Province” (Wan Jiao Lu [2019] No. 144) issued by the Department of Transportation of Anhui Province, Anhui Provincial Development and Reform Committee and Anhui Provincial Finance Department plus the additional toll for 1 extra-large bridge/tunnel. The additional extra-large bridge/tunnel toll is calculated by reference to the type of vehicle and the proportion of the travel distance of the vehicle on Lixuan Expressway to the total length of Lixuan Expressway, and is collected on top of the basic toll on a vehicle-per-trip basis.

– Additional toll standards for extra-large bridges/tunnels(charged according to vehicle (axle) type classification)

Vehicle type classification	JT/T489-2019 Standard of Classification		Additional Toll Rates (RMB/vehicle per trip)	
	Passenger Vehicles (Vehicles classification and Approved passengers capacity)			Goods vehicles
Type 1	Microbus minibus	≤9	With 2 axles, the vehicle length is less than 6,000mm and the maximum allowable total mass is less than 4,500kg	10
Type 2	medium bus passenger/car trailer – combination	10-19	With 2 axles, the vehicle length is not less than 6,000mm or the maximum allowable total mass is not less than 4,500kg	15
Type 3	motorbus	≤39	With 3 axles	20
Type 4		≥40	With 4 axles	25
Type 5	–	–	With 5 axles	30
Type 6	–	–	With 6 axles	30

Goods vehicles of type 5 or above shall be implemented to charge according to the additional toll rates for type 5.

Note: Additional toll will be collected from extra-large bridges or tunnels, namely bridges with a length of over 1,000 meters or tunnels with a length of over 3,000 meters. The additional toll for extra-large bridges/tunnels will be collected on top of the basic toll calculated by reference to the type of vehicle and the proportion of the travel distance of the vehicle on the expressway to the total length of the expressway.

Appendix:

INFORMATION DISCLOSURE INDEX

Number	Items	Newspapers Designated For Publishing Reports	Publishing Date	Website Designated For Disclosure Of Reports
	H Share Announcement -Result of the Resolution Passed by Poll at the 2020 First Extraordinary General Meeting Held on 4 February 2020		4 February 2020	Website of The Stock Exchange of Hong Kong Limited: www.hkex.com.hk
	H Share Announcement – Appointment of Executive Director and Chairman of The Board, Member and Chairman of the Strategic Development and Investment Committee and Authorised Representative		4 February 2020	Website of The Stock Exchange of Hong Kong Limited: www.hkex.com.hk
	H Share Announcement – List of Directors and Their Roles and Functions		4 February 2020	Website of The Stock Exchange of Hong Kong Limited: www.hkex.com.hk
2020-001	Announcement of the Resolutions of the 2020 First Extraordinary General Meeting	China Securities Journal, The Shanghai Securities News	5 February 2020	Website of The Shanghai Stock Exchange: www.sse.com.cn Website of The Stock Exchange of Hong Kong Limited: www.hkex.com.hk
2020-002	The Resolutions of the 19th Meeting of the 8th Board	China Securities Journal, The Shanghai Securities News	5 February 2020	Website of The Shanghai Stock Exchange: www.sse.com.cn Website of The Stock Exchange of Hong Kong Limited: www.hkex.com.hk
	H Share Announcement – Date of Board Meeting		13 March 2020	Website of The Stock Exchange of Hong Kong Limited: www.hkex.com.hk
	H Share Announcement – 2019 Annual Results Announcement		30 March 2020	Website of The Stock Exchange of Hong Kong Limited: www.hkex.com.hk

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Number	Items	Newspapers Designated For Publishing Reports	Publishing Date	Website Designated For Disclosure Of Reports
2020-003	The Resolutions of the 20th Meeting of the 8th Board	China Securities Journal, The Shanghai Securities News	30 March 2020	Website of The Shanghai Stock Exchange: www.sse.com.cn Website of The Stock Exchange of Hong Kong Limited: www.hkex.com.hk
2020-004	Announcement of the Resolutions of the 12th Meeting of the 8th Supervisory Committee	China Securities Journal, The Shanghai Securities News	30 March 2020	Website of The Shanghai Stock Exchange: www.sse.com.cn Website of The Stock Exchange of Hong Kong Limited: www.hkex.com.hk
2020-005	Announcement on the 2019 Annual Profit Distribution Plan	China Securities Journal, The Shanghai Securities News	30 March 2020	Website of The Shanghai Stock Exchange: www.sse.com.cn Website of The Stock Exchange of Hong Kong Limited: www.hkex.com.hk
2020-006	The Announcement of Estimated Daily Connected Transactions of 2020	China Securities Journal, The Shanghai Securities News	30 March 2020	Website of The Shanghai Stock Exchange: www.sse.com.cn Website of The Stock Exchange of Hong Kong Limited: www.hkex.com.hk
2020-007	Announcement on Renewal of Domestic Auditor in 2020	China Securities Journal, The Shanghai Securities News	30 March 2020	Website of The Shanghai Stock Exchange: www.sse.com.cn Website of The Stock Exchange of Hong Kong Limited: www.hkex.com.hk
2020-008	Announcement Regarding the Convening of the 2019 Annual Performance Presentation	China Securities Journal, The Shanghai Securities News	30 March 2020	Website of The Shanghai Stock Exchange: www.sse.com.cn Website of The Stock Exchange of Hong Kong Limited: www.hkex.com.hk
	H Share Announcement – Notice of the 2019 Annual General Meeting		2 April 2020	Website of The Stock Exchange of Hong Kong Limited: www.hkex.com.hk

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Number	Items	Newspapers Designated For Publishing Reports	Publishing Date	Website Designated For Disclosure Of Reports
2020-009	Announcement of the Notice of 2019 Annual General Meeting	China Securities Journal, The Shanghai Securities News	3 April 2020	Website of The Shanghai Stock Exchange www.sse.com.cn
2020-010	Announcement on the collection of Toll for the Hefei – Nanjing Highway Anhui Section Renovation and Expansion Project	China Securities Journal, The Shanghai Securities News	3 April 2020	Website of The Shanghai Stock Exchange: www.sse.com.cn Website of The Stock Exchange of Hong Kong Limited: www.hkex.com.hk
2020-011	Announcement on the Convening of the 2019 Annual Performance Presentation	China Securities Journal, The Shanghai Securities News	7 April 2020	Website of The Shanghai Stock Exchange: www.sse.com.cn Website of The Stock Exchange of Hong Kong Limited: www.hkex.com.hk
	H Share Announcement – Date of Board Meeting		16 April 2020	Website of The Stock Exchange of Hong Kong Limited: www.hkex.com.hk
	H Share Announcement – 2020 First Quarterly Report		28 April 2020	Website of The Stock Exchange of Hong Kong Limited: www.hkex.com.hk
	H Share Announcement – Announcement – Continuing Connected Transactions: 2020 – 2021 Expressway Maintenance Works Contract		29 April 2020	Website of The Stock Exchange of Hong Kong Limited: www.hkex.com.hk Website of The Shanghai Stock Exchange: www.sse.com.cn
	H Share Announcement – Voting Results at Annual General Meeting Held on 22 May 2020		22 May 2020	Website of The Stock Exchange of Hong Kong Limited: www.hkex.com.hk

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Number	Items	Newspapers Designated For Publishing Reports	Publishing Date	Website Designated For Disclosure Of Reports
2020-012	Announcement of the Resolutions of the 2019 Annual General Meeting	China Securities Journal, The Shanghai Securities News	23 May 2020	Website of The Shanghai Stock Exchange: www.sse.com.cn
	H Share Announcement – Resignation of Deputy General Manager and Change of General Manager		17 June 2020	Website of The Stock Exchange of Hong Kong Limited: www.hkex.com.hk
2020-013	Announcement about the Change of Senior Management in the Company	China Securities Journal, The Shanghai Securities News	18 June 2020	Website of The Shanghai Stock Exchange: www.sse.com.cn
	H Share Announcement – Election of Employee Representative Supervisor		28 June 2020	Website of The Stock Exchange of Hong Kong Limited: www.hkex.com.hk
	H Share Announcement – Appointment of Deputy General Manager		28 June 2020	Website of The Stock Exchange of Hong Kong Limited: www.hkex.com.hk
	H Share Announcement – Notice of the 2020 Second Extraordinary General Meeting		28 June 2020	Website of The Stock Exchange of Hong Kong Limited: www.hkex.com.hk
2020-014	The Resolutions of the 23th Meeting of the 8th Board	China Securities Journal, The Shanghai Securities News	29 June 2020	Website of The Shanghai Stock Exchange: www.sse.com.cn Website of The Stock Exchange of Hong Kong Limited: www.hkex.com.hk
2020-015	Announcement of the Resolutions of the 14th Meeting of the 8th Supervisory Committee	China Securities Journal, The Shanghai Securities News	29 June 2020	Website of The Shanghai Stock Exchange: www.sse.com.cn Website of The Stock Exchange of Hong Kong Limited: www.hkex.com.hk

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Number	Items	Newspapers Designated For Publishing Reports	Publishing Date	Website Designated For Disclosure Of Reports
2020-016	Announcement on the election of Worker Representative Supervisor	China Securities Journal, The Shanghai Securities News	29 June 2020	Website of The Shanghai Stock Exchange: www.sse.com.cn Website of The Stock Exchange of Hong Kong Limited: www.hkex.com.hk
2020-017	Announcement of the Notice of the 2020 Second Extraordinary General Meeting	China Securities Journal, The Shanghai Securities News	29 June 2020	Website of The Stock Exchange of Hong Kong Limited: www.hkex.com.hk
2020-018	Announcement on the Appointment of Deputy General Manager of the Company	China Securities Journal, The Shanghai Securities News	29 June 2020	Website of The Shanghai Stock Exchange: www.sse.com.cn Website of The Stock Exchange of Hong Kong Limited: www.hkex.com.hk
2020-019	Announcement of Implementation of 2019 Equity Allocation	China Securities Journal, The Shanghai Securities News	14 July 2020	Website of The Shanghai Stock Exchange: www.sse.com.cn Website of The Stock Exchange of Hong Kong Limited: www.hkex.com.hk
	H Share Announcement – Continuing Connected Transactions: Maintenance Work Contracts		15 July 2020	Website of The Stock Exchange of Hong Kong Limited: www.hkex.com.hk Website of The Shanghai Stock Exchange: www.sse.com.cn
	H Share Announcement – Results of the Resolutions Passed by Poll at the 2020 Second Extraordinary General Meeting Held on 14 August 2020		14 August 2020	Website of The Stock Exchange of Hong Kong Limited: www.hkex.com.hk

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Number	Items	Newspapers Designated For Publishing Reports	Publishing Date	Website Designated For Disclosure Of Reports
2020-020	Announcement of the Resolutions of the 2020 Second Extraordinary General Meeting	China Securities Journal, The Shanghai Securities News	15 August 2020	Website of The Shanghai Stock Exchange: www.sse.com.cn
	H Share Announcement – (1) Change of Directors, Supervisor and Members of the Board Committees; (2) Reappointment of Authorized Representative; (3) Reappointments of General Manager and Deputy General Manager; and (4) Reappointments of Company Secretary and Secretary to the Board		17 August 2020	Website of The Stock Exchange of Hong Kong Limited: www.hkex.com.hk
	H Share Announcement – List of Directors and Their Roles and Functions		17 August 2020	Website of The Stock Exchange of Hong Kong Limited: www.hkex.com.hk
	H Share Announcement – Date of the Board Meeting		17 August 2020	Website of The Stock Exchange of Hong Kong Limited: www.hkex.com.hk
2020-021	The Resolutions of the First Meeting of the 9th Board	China Securities Journal, The Shanghai Securities News	18 August 2020	Website of The Shanghai Stock Exchange: www.sse.com.cn Website of The Stock Exchange of Hong Kong Limited: www.hkex.com.hk
2020-022	Announcement of the Resolutions of the First Meeting of the 9th Supervisory Committee	China Securities Journal, The Shanghai Securities News	18 August 2020	Website of The Shanghai Stock Exchange: www.sse.com.cn Website of The Stock Exchange of Hong Kong Limited: www.hkex.com.hk

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Number	Items	Newspapers Designated For Publishing Reports	Publishing Date	Website Designated For Disclosure Of Reports
2020-023	Announcement on the Convening of the 2020 Semi-annual Performance Presentation	China Securities Journal, The Shanghai Securities News	28 August 2020	Website of The Shanghai Stock Exchange: www.sse.com.cn Website of The Stock Exchange of Hong Kong Limited: www.hkex.com.hk
	H Share Announcement – Announcement of Interim Results for the Six Months Ended 30 June 2020		30 August 2020	Website of The Stock Exchange of Hong Kong Limited: www.hkex.com.hk
2020-024	Announcement on the Convening of the 2020 Semi-annual Performance Presentation	China Securities Journal, The Shanghai Securities News	1 September 2020	Website of The Shanghai Stock Exchange: www.sse.com.cn Website of The Stock Exchange of Hong Kong Limited: www.hkex.com.hk
	H Share Announcement – Date of the Board Meeting		15 October 2020	Website of The Stock Exchange of Hong Kong Limited: www.hkex.com.hk
	H Share Announcement – 2020 Third Quarterly Report		29 October 2020	Website of The Stock Exchange of Hong Kong Limited: www.hkex.com.hk
	H Share Announcement – Proposed Amendments To The Articles of Association and The Rules of Procedures		29 October 2020	Website of The Stock Exchange of Hong Kong Limited: www.hkex.com.hk
	H Share Announcement – Continuing Connected Transactions: Cooperation Framework Agreement		29 October 2020	Website of The Stock Exchange of Hong Kong Limited: www.hkex.com.hk

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Number	Items	Newspapers Designated For Publishing Reports	Publishing Date	Website Designated For Disclosure Of Reports
2020-025	The Resolutions of the Third Meeting of the 9th Board	China Securities Journal, The Shanghai Securities News	30 October 2020	Website of The Shanghai Stock Exchange: www.sse.com.cn Website of The Stock Exchange of Hong Kong Limited: www.hkex.com.hk
2020-026	Announcement of the Resolutions of the Third Meeting of the 9th Supervisory Committee	China Securities Journal, The Shanghai Securities News	30 October 2020	Website of The Shanghai Stock Exchange: www.sse.com.cn Website of The Stock Exchange of Hong Kong Limited: www.hkex.com.hk
2020-027	Announcement on Amending the Articles of Association of the Company	China Securities Journal, The Shanghai Securities News	30 October 2020	Website of The Shanghai Stock Exchange: www.sse.com.cn
2020-028	Announcement of Related Transactions on the Optimization and Improvement of Mechanical and Electrical Systems	China Securities Journal, The Shanghai Securities News	30 October 2020	Website of The Shanghai Stock Exchange: www.sse.com.cn
	H Share Announcement – Notice of the 2020 Third Extraordinary General Meeting		4 November 2020	Website of The Stock Exchange of Hong Kong Limited: www.hkex.com.hk
2020-029	Announcement of the Notice of the 2020 Third Extraordinary General Meeting	China Securities Journal, The Shanghai Securities News	5 November 2020	Website of The Shanghai Stock Exchange: www.sse.com.cn
	H Share Announcement – Continuing Connected Transactions: Cooperation Framework Agreements		8 December 2020	Website of The Stock Exchange of Hong Kong Limited: www.hkex.com.hk Website of The Shanghai Stock Exchange: www.sse.com.cn
	H Share Announcement – Result of The Resolutions Passed by Poll at the 2020 Third Extraordinary General Meeting Held on 21 December 2020		21 December 2020	Website of The Stock Exchange of Hong Kong Limited: www.hkex.com.hk

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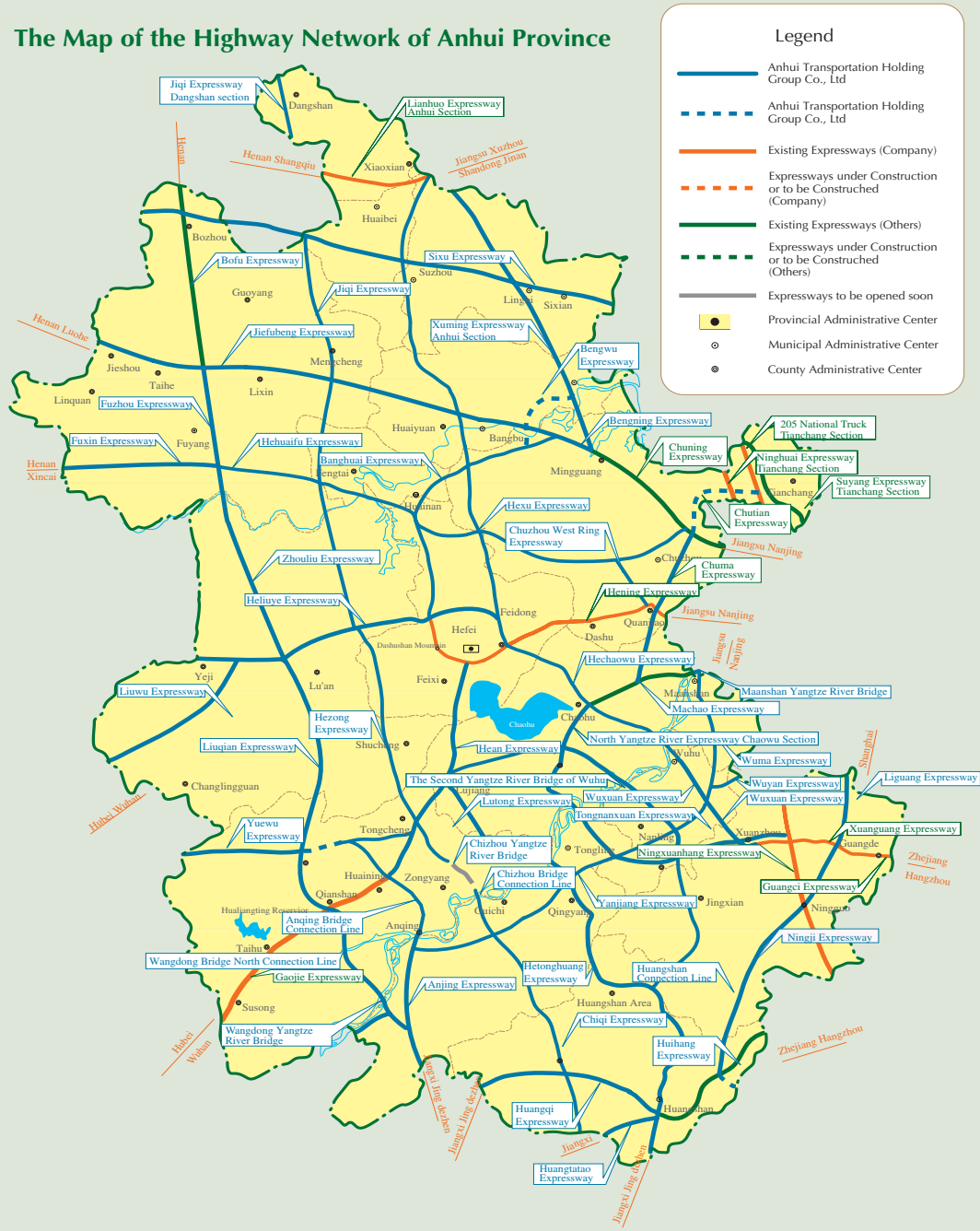
Number	Items	Newspapers Designated For Publishing Reports	Publishing Date	Website Designated For Disclosure Of Reports
2020-030	Announcement of the Resolutions of the 2020 Third Extraordinary General Meeting	China Securities Journal, The Shanghai Securities News	22 December 2020	Website of The Shanghai Stock Exchange: www.sse.com.cn
	H Share Announcement – Official Reply on the Toll Operation Period of Ningguo – Qianqiuguan Section of Ningxuanhang Expressway		28 December 2020	Website of The Stock Exchange of Hong Kong Limited: www.hkex.com.hk
2020-031	Announcement about the Toll Operation Period of Ningguo-Qianqiuguan Section of Ningxuanhang Expressway	China Securities Journal, The Shanghai Securities News	29 December 2020	Website of The Shanghai Stock Exchange: www.sse.com.cn
	H Share Announcement – Continuing Connected Transactions: Entering Into Network Services Agreement In Writing		30 December 2020	Website of The Stock Exchange of Hong Kong Limited: www.hkex.com.hk Website of The Shanghai Stock Exchange: www.sse.com.cn
	H Share Announcement – Continuing Connected Transactions: Cooperation Agreement on Upgrading and Transformation of Online Toll Management Platform		30 December 2020	Website of The Stock Exchange of Hong Kong Limited: www.hkex.com.hk Website of The Shanghai Stock Exchange: www.sse.com.cn
2020-032	The Resolutions of the 4th Meeting of the 9th Board	China Securities Journal, The Shanghai Securities News	31 December 2020	Website of The Shanghai Stock Exchange: www.sse.com.cn Website of The Stock Exchange of Hong Kong Limited: www.hkex.com.hk
2020-033	Announcement about Toll Fee Standards	China Securities Journal, The Shanghai Securities News	4 January 2021	Website of The Shanghai Stock Exchange: www.sse.com.cn Website of The Stock Exchange of Hong Kong Limited: www.hkex.com.hk

National Trunk Highways



Appendix:

The Map of the Highway Network of Anhui Province





Anhui Expressway Company Limited